ANNUAL REPORT

AT DECEMBER 31, 2012

FIAT INDUSTRIAL

THE GLOBAL SCALE OF OUR INDUSTRIAL AND COMMERCIAL ACTIVITIES, TOGETHER WITH THE FLEXIBILITY OF THE ORGANIZATION AND OUR PROVEN EXPERIENCE IN MANAGING THE UNEXPECTED, WILL ENABLE US TO COMPENSATE FOR DIFFICULTIES THAT WE MAY ENCOUNTER IN CERTAIN BUSINESS SEGMENTS OR GEOGRAPHIC MARKETS WITH STRONG RESULTS IN OTHERS.

Sergio Marchionne
Chairman

GENERAL MEETING

Fiat Industrial's shareholders are notified that an Ordinary General Meeting will be held at Centro Congressi Lingotto, Via Nizza 280, Turin at 11 a.m. on April 8, 2013 (single call) to vote on the following:

Agenda

1. Annual Report:
   a) Motion for Approval of the Statutory Financial Statements at December 31, 2012, Allocation of Profit and Dividend Distribution
   b) Compensation Policy pursuant to Article 123-*ter* of Legislative Decree 58/98
2. Election of Board of Statutory Auditors:
   a) Election of Regular Auditors, Alternate Auditors and Chairman
   b) Compensation for Statutory Auditors

NOTICE

Attendance and Representation

Shareholders are entitled to attend the Meeting if they hold the right to vote at the close of business on the **record date of March 26, 2013** and the Company has received the relevant confirmation of entitlement from an authorized intermediary.

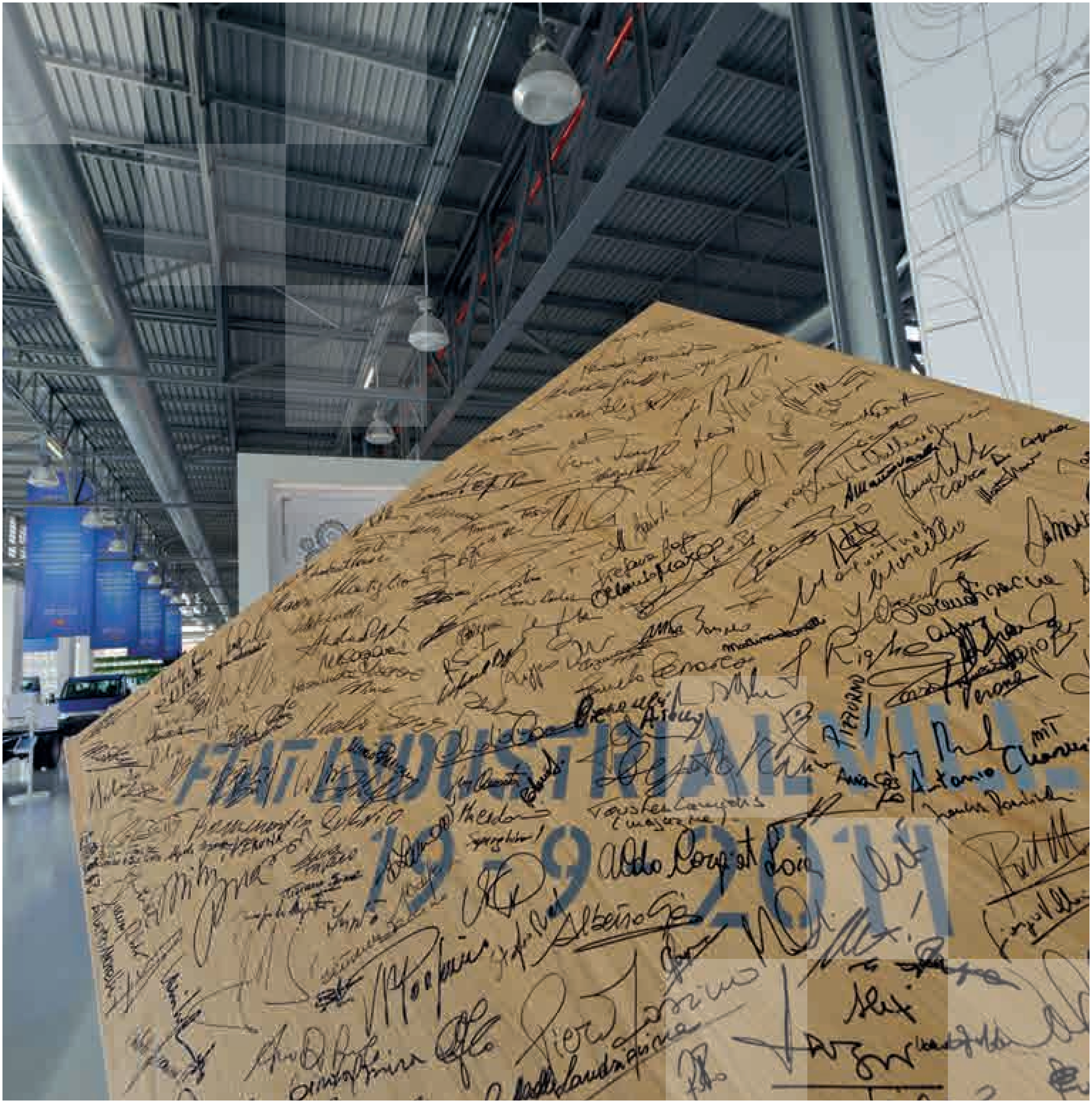
As provided by law, Shareholders entitled to attend the Meeting may appoint a representative by written proxy.

The Company has designated Servizio Titoli S.p.A. as the representative, pursuant to Article 135-*undecies* of Legislative Decree 58/98, upon whom shareholders may confer proxy and instruct to vote on all or some of the motions on the agenda. The deadline for conferral of proxy is April 4, 2013, using the form provided on the corporate website (www.fiatindustrial.com/Investor Relations/Shareholder Info/Shareholder Meetings). The form can also be requested by calling +39 011 0923200.

Documentation and Information

The Notice of General Meeting available on the corporate website (www.fiatindustrial.com /Investor Relations/Shareholder Info/Shareholder Meetings) contains complete information and instructions relating to the rights exercisable by Shareholders, including the procedure and deadlines for presenting lists of candidates for election of the Statutory Auditors.

The Annual Report and Annual Report on Corporate Governance are available at the Company's registered office and on the corporate website. Reports and motions relating to the other items on the agenda will be available at the Company's registered office and on the corporate website on or before the legal deadline.


FIAT INDUSTRIAL VILL
19-9-2011

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This document has been translated into English for the convenience of international readers. The original Italian should be considered the authoritative version.

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Chairman

Sergio Marchionne

Directors

Alberto Bombassei (2)
Gianni Coda
John Elkann (1) (3)
Maria Patrizia Grieco (1)
Robert Liberatore (1)
Libero Milone (2)
Giovanni Perissinotto (3)
Guido Tabellini (2)
Jacqueline Tammenoms Bakker (3)
John Zhao

BOARD OF STATUTORY AUDITORS

Regular Auditors

Paolo Piccatti – Chairman
Valter Cantino
Lucio Pasquini

Alternate Auditors

Riccardo Rota
Vittorio Sansonetti
Giorgio Cavalitto

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

(1) Member of the Nominating, Corporate Governance and Sustainability Committee
(2) Member of the Internal Control and Risk Committee
(3) Member of the Compensation Committee

LETTER FROM THE CHAIRMAN

Dear Shareholders,

2012 was a particularly significant year for Fiat Industrial, both for the results achieved, despite deteriorating economic conditions in several major European markets, and for the fact that it represented the beginning of another important chapter.
The decision to ensure full independence and freedom of movement for the capital goods businesses, through the demerger from Fiat Group, has unlocked their growth potential and brought clear financial benefits.
In 2012, its second year as an independent group, Fiat Industrial posted another year of gains and met all financial targets.
Revenues were up 6.2% to €25.8 billion.
Trading profit was also significantly higher at more than €2 billion, with trading margin improving 1.2 percentage points over the prior year to 8.1%.
Net profit was up 31% to €921 million.
Those results demonstrate the solidity of the Group and its businesses and were primarily driven by continued robust performance for CNH, particularly in the Agricultural Equipment segment.
On that basis, the Board of Directors is recommending a total dividend of approximately €275 million, corresponding to €0.225 per ordinary share.

Despite being a relative newcomer to the financial markets, the profound sense of responsibility with which the Group manages its activities reflects the values and experience integral to each of the Group's businesses.
During the year, Fiat Industrial's leadership in sustainability was again recognized by leading rating agencies and other international organizations.
The Group was reconfirmed Industry Leader in the Industrial Engineering sector of the prestigious Dow Jones Sustainability Indexes (DJSI) World and Europe, which only admit companies that are best-in-class in terms of the sustainable management of their businesses. Fiat Industrial scored 85/100 compared with an average of 51/100 for the sector.
For the second consecutive year, Fiat Industrial was also admitted to the Italy 100 Carbon Disclosure Leadership Index (CDLI) with a score of 91/100 for the level of disclosure on issues related to climate change.
We consider these important recognitions of what we have already achieved, as well as an incentive to continue in our commitment and set even more ambitious targets for the future.
None of these results would have been possible without the determination and dedication of the men and women at Fiat Industrial and we thank them for embracing these principles and translating them into concrete action.

Fiat Industrial has reached another crucial moment in its history.
In November, CNH Global N.V. (CNH) and Fiat Industrial S.p.A. signed a merger agreement that paves the way for a new corporate structure and full integration of their activities.
The transaction – which will be submitted to the respective companies' shareholders at the extraordinary general meetings to be called for approval of the transaction, with completion expected during the third quarter of 2013 – represents the culmination of a lengthy simplification process initiated more than two years ago.

From a technical perspective, the agreement provides for the establishment of a new company (NewCo) into which both Fiat Industrial and CNH will be merged, with Fiat Industrial shareholders receiving one NewCo share for each Fiat Industrial share held and CNH minority shareholders receiving 3.828 NewCo shares for each CNH share held.
NewCo will adopt a loyalty voting structure to promote a stable shareholder base by rewarding long-term share ownership.
From a strategic viewpoint, we consider this step vital to the future growth, simplification, rationalization, autonomy and efficiency of the Group.
It will lead to the creation of a fully-integrated, multinational capital goods group capable of competing at the very top of its sector.
It will be one of the largest, most solid players in its peer group with an established global presence and, finally, the freedom to craft its own destiny.
It will have the necessary flexibility to pursue the most advantageous strategic options and capitalize on opportunities for growth and consolidation consistent with its ambitions as a leader in the sector.
The new organizational structure, announced at the end of 2012, reflects the international profile of the Group's businesses and will play a key role in facilitating the integration process.

For 2013, we expect continued solid trading conditions for all sectors, especially CNH.
The global scale of our industrial and commercial activities, together with the flexibility of the organization and our proven experience in managing the unexpected, will enable us to compensate for difficulties that we may encounter in certain business segments or geographic markets with strong results in others.
On the back of the Group's performance to date, Fiat Industrial's objectives for 2013 are: revenues up 5%; trading margin between 8.3% and 8.5%; and net industrial debt down to between €1.1 billion and €1.4 billion.

For the past two years, the new Group has met and exceeded all expectations.
It has established a new course with decisiveness, efficiency and responsibility.
As a truly global organization, it understands that continuous improvement and change are essential to compete.
Our move forward to the full integration of Fiat Industrial and CNH is based on that approach.
As we forge this new industrial group, with all of the opportunities and challenges that it will bring, we know that the further integration of our activities will unleash renewed vitality and opportunity for the development of our businesses and contribute significantly to the creation of value.
We want to thank you for your support during 2012 and for remaining with us as we enter this next historic phase.

February 21, 2013

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

THE GROUP AT A GLANCE

2012 IN SUMMARY

Financial Results

REVENUES
€25.8 BILLION

TRADING PROFIT
€2.1 BILLION

PROFIT
€0.9 BILLION

NET INDUSTRIAL DEBT
€1.6 BILLION

TOTAL AVAILABLE LIQUIDITY
€6.2 BILLION

The Group

3
SECTORS

11
BRANDS

190
NATIONAL MARKETS

49
R&D CENTERS

64
PLANTS

68,257
EMPLOYEES

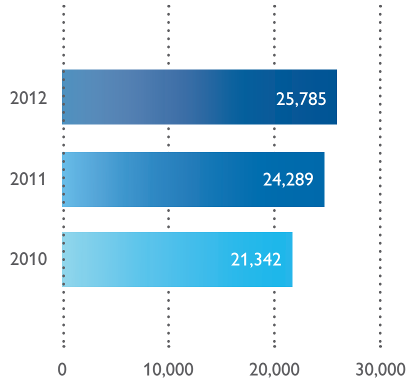
5,800
INDIVIDUALS DEDICATED TO INNOVATION

€895 MILLION
INVESTED IN R&D

€15.2 MILLION
INVESTED IN TRAINING

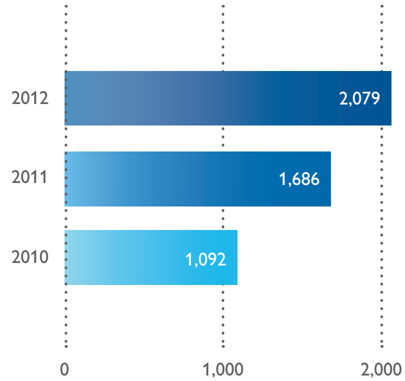
REVENUES

(€ million)



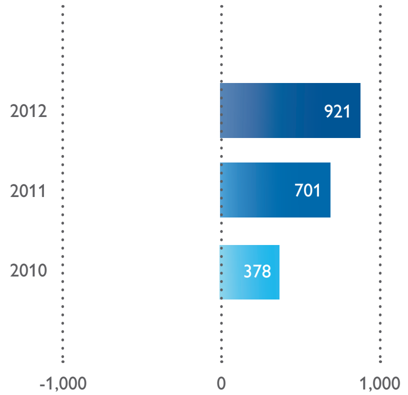
TRADING PROFIT

(€ million)



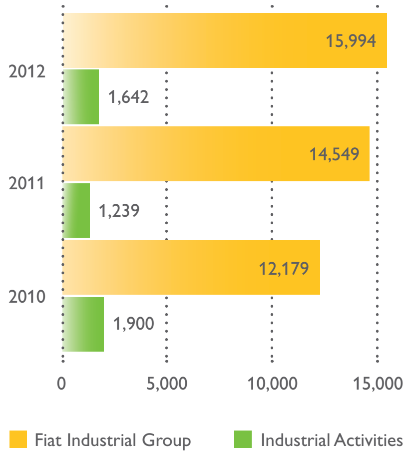
PROFIT/(LOSS)

(€ million)



NET DEBT

(€ million)



INTRODUCTION

Fiat Industrial Group was created on January 1, 2011 through the demerger of the capital goods activities of Fiat S.p.A. The Group produces and sells agricultural and construction equipment (CNH), trucks and commercial vehicles (Iveco), and engines and transmissions for industrial and marine applications (FPT Industrial).

Since January 3, 2011, Fiat S.p.A. and Fiat Industrial S.p.A. have been listed separately on Borsa Italiana's electronic exchange (MTA) in Milan and operate as independent companies, each with its own management and board of directors.

For the purpose of simplifying the Company's capital structure and governance, during the year Fiat Industrial S.p.A. undertook a mandatory conversion of all 103,292,310 preference shares and 79,912,800 savings shares into 130,241,397 ordinary shares. The transaction was completed on May 21, 2012 at a conversion ratio of 0.700 ordinary shares per preference share and 0.725 ordinary shares per savings share. From that date, Fiat Industrial ordinary shares only were traded on the MTA, and the Company's share capital totaled €1,919,433,144.74, consisting of 1,222,568,882 shares with a par value of €1.57 each.

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On May 30, 2012, Fiat Industrial S.p.A. ("FI") invited the Board of Directors of CNH Global N.V. ("CNH"), in which FI holds an 87% stake, to explore the benefits of a merger of the two companies into a newly-incorporated Dutch company, or similar structure, at exchange ratios determined with reference to the undisturbed market prices of FI and CNH shares prior to the transaction being announced (i.e., March/April 2012). The objective of the transaction is to simplify the Group's capital structure by creating a single class of liquid stock, with a primary listing in New York and a secondary listing in Europe (subsequently identified as Borsa Italiana in Milan), thereby establishing a true peer to the major North American-based capital goods players in both scale and capital market appeal.

On November 26, 2012 – following completion of negotiations between Fiat Industrial and the Special Committee formed by CNH Global N.V.'s Board of Directors – FI and CNH announced that they had entered into a definitive merger agreement. On the basis of the agreement, FI and CNH will be merged into a newly-incorporated Dutch company (NewCo), with FI shareholders receiving one NewCo share for each FI share held and CNH shareholders receiving 3.828 NewCo shares for each CNH share held. In addition, on December 28, 2012, CNH paid minority shareholders a cash dividend of USD 10 per CNH share, as also established in the agreement. Based on market values on November 16, 2012, the trading day prior to the announcement of FI's final offer, the cash dividend together with the 3.828 NewCo common shares offered for each CNH share represents a 25.6% premium over the implied value of FI's initial offer. In addition, CNH minority shareholders benefited from the dividend being paid prior to completion of the merger. The transaction is subject to the customary closing conditions, including a cap on the exercise of withdrawal rights by FI shareholders and opposition rights by FI creditors of €325 million in aggregate. It is also subject to the approval of shareholders of both FI and CNH. FI, which holds 87% of CNH, has stipulated that it will vote its CNH shares in favor of the transaction. Additionally, NewCo will adopt a loyalty voting structure, whereby the shareholders of FI and CNH that are present or represented by proxy at the respective shareholder meetings at which the merger transaction is approved, and continue to hold their shares until the effective date of the merger, may elect to receive common shares in NewCo registered in a special section of the company's share register that entitles them to two votes. Following completion of the merger, new shareholders will also be able to earn a double vote by holding their shares continuously for a period of at least three years. The structure is intended to facilitate a stable shareholder base and reward long-term share ownership, while allowing the Group enhanced flexibility to pursue strategic opportunities in the future.

GROUP STRUCTURE

FIAT INDUSTRIAL

CNH
87.4%
AGRICULTURAL & CONSTRUCTION EQUIPMENT

FPT INDUSTRIAL
100%
POWERTRAIN

IVECO
100%
TRUCKS & COMMERCIAL VEHICLES

BRANDS

Fiat Industrial is a global leader in the capital goods sector with a significant industrial base, technological excellence in customer solutions, an extensive product range and a worldwide presence. Created through the demerger of Fiat S.p.A.'s capital goods activities, the Group operates through CNH, Iveco and FPT Industrial, each of which is a major international player in its sector. The three businesses design, produce and sell tractors, agricultural equipment, construction equipment (CNH), trucks and commercial vehicles, buses, coaches and special vehicles (Iveco), as well as engines and transmissions for those products and for marine applications (FPT Industrial).

The Group's industrial and financial services companies are located in 44 countries around the world with a commercial presence in approximately 190 countries.

AGRICULTURAL AND CONSTRUCTION EQUIPMENT (CNH)

CNH was built on the experience of brands that over the years have played a key role in the development of the agricultural and construction equipment industries in both Europe and the United States and that today offer customers the best technological solutions available. Agricultural equipment is sold under the New Holland Agriculture and Case IH Agriculture brands, as well as the Steyr brand in Europe. Construction equipment is sold under the New Holland Construction and Case Construction brands.

CNH offers customers adaptable, quality, high productivity products, backed by full service support (CNH Parts & Service) and personalized financing solutions (CNH Capital).

Case IH Agriculture

The Case IH Agriculture brand has a long tradition of leadership in the agricultural sector and is synonymous with incomparable performance, reliability and operating efficiency.

The brand's range of tractors, balers and combines continues in the tradition of notable predecessors such as Case International Harvester and David Brown, to name but a few.

Case IH's powerful, reliable and highly-productive machines are backed by a global organization that supports agriculture producers in the optimized, 360 degree management of their activities.

New Holland Agriculture

New Holland Agriculture provides customers affordable solutions to improve farming efficiency and productivity. In 2006, it broke new ground with the launch of its Clean Energy Leader strategy that actively promotes sustainable agriculture.

New Holland offers cash crop producers, livestock farmers, contractors, vineyards and ground-care professionals the largest choice of easy-to-operate tractors, harvesters, material handling equipment, seeders and planters. In total, it has more than 80 product lines and over 300 models.

That agricultural equipment offering is complemented by efficient parts & service support, an extensive range of tailored financial services, and a global network of professional dealers.

Steyr

For more than 60 years, Steyr has been known for the quality, reliability and excellence of its agricultural tractors. Steyr's distinctive tractors, with the trademark red-white-red design first used in 1967, are produced in St. Valentin, Austria. The brand is leader in the "premium" segment in Austria and exports 60% of production, principally to Germany, Switzerland, France, Italy, Belgium, the Netherlands, Luxembourg, Scandinavia and Eastern Europe.

Nineteen tractor models are produced at the St. Valentin plant, including the Kompakt, 9000 MT, Profi and CVT series, as well as products for municipal and forestry applications. The brand's range of products demonstrates its ability to respond rapidly to a constantly evolving market.

Case Construction

Since it was established in Racine, Wisconsin (USA) more than 170 years ago, Case Construction has built a reputation as a premium manufacturer of technologically-advanced products for the construction equipment industry.

With more than 90 models carrying the Case name and colors, the brand has a solution for every application. The product lineup includes skid steer loaders and wheel loaders, mini excavators, backhoe loaders, crawler and wheel excavators – all designed to operate in extreme climatic conditions or high-risk situations.

In addition, Case has more than a century of experience working with defense forces, and government and non-government organizations around the world in areas such as dismantling land mines and re-building communities that have been devastated by natural disasters.

New Holland Construction

New Holland Construction is a leader in the global construction equipment market. Behind the trademark black and yellow livery is the wealth of know-how and experience inherited from Fiat Kobelco, O&K, New Holland and Fiat Allis, merged into a single brand that offers advanced solutions to the construction sector and strives constantly for total customer satisfaction.

Complementing the comprehensive product offering is the brand's extensive network of dealers that operate on a simple but effective philosophy: listen to customers, take a personal approach to their problems and offer them rapid, effective solutions.

TRUCKS AND COMMERCIAL VEHICLES (IVECO)

The sector's product portfolio includes: light, medium and heavy commercial and industrial vehicles for the transportation and distribution of goods, which are cost efficient and low environmental impact (Iveco); commuter buses and touring coaches offering the maximum in comfort and environmental performance (Iveco Irisbus); quarry and mining equipment purpose-built to move heavy materials in all conditions with absolute reliability (Iveco Astra); special vehicles that can be deployed rapidly and effectively for firefighting (Iveco Magirus), as well as civil defense and peace-keeping missions (Iveco Defence Vehicles). Iveco guarantees customers the highest level of after-sales support worldwide and, through Iveco Capital, offers advanced financial services solutions for the purchase, lease or rental of its products. The sector operates through the following brands:

Iveco

IVECO

Iveco is an international leader in goods transport solutions. It designs, manufactures and sells a wide range of light, medium and heavy commercial vehicles for both on-road and off-road use. The portfolio of cost-effective products is complemented by a range of after-sales, financing and used vehicle services.

From the beginning, the brand has been committed to safe, efficient and ecological mobility. In fact, it is the only producer to offer eco-friendly engines across its entire range. From light segment vehicles (Daily), to medium (Eurocargo) and heavy (Stralis and Trakker), all products are available with EEV (Enhanced Environmentally-friendly Vehicle) and natural gas engines. In addition, with the incorporation of FPT Industrial's revolutionary patented High Efficiency SCR (Selective Catalytic Reduction) system, the engine on the new Stralis Hi-Way conforms to Euro VI emissions standards without resorting to exhaust gas recirculation.

Iveco Astra

IVECO ASTRA

Established in 1946, the company has been part of the Iveco family since 1986 and is known around the world for the endurance, reliability and versatility of its vehicles. Astra has more than 60 years experience in designing and producing vehicles for the most challenging tasks and extreme climatic conditions. Its vehicles have a proven track record of operating in the most inaccessible quarries and mines and moving huge quantities of rock, mud and other materials. The product range includes mining and construction vehicles, rigid and articulated dumptrucks, and special vehicles.

Iveco Irisbus

Iveco Irisbus is a major European manufacturer of passenger transport solutions that distributes its products in more than 40 countries around the world. The brand's complete range of solutions includes city and intercity commuter buses, economy and luxury coaches, minibuses and school buses. For years, Iveco Irisbus has worked in close collaboration with European public transport operators to develop and test new fuels and propulsion systems, with a particular focus on environmental footprint, passenger comfort and operating efficiency.

Iveco Magirus

For 148 years, Magirus has been producing equipment that is purpose-built to respond to serious emergencies, such as fires, floods, earthquakes and explosions. The business was established in 1864 by Conrad Magirus, chief of the local fire brigade in Ulm (Germany) and inventor of the first ever firefighting ladder. Today, Iveco Magirus is one of the major global suppliers of firefighting and emergency response equipment and actively collaborates with firefighters from Siberia to Africa to Europe, and from China to Japan to Brazil.

Iveco Defence Vehicles

Iveco Defence Vehicles produces and sells vehicles for defense and civil protection applications. The company is headquartered in Bolzano, Italy, where it produces the Lince, Iveco's flagship armored vehicle that is sold to defense forces around the world, and the Freccia, a medium armored vehicle.

Widely-recognized for its technological excellence, in recent years Iveco Defence Vehicles has developed significantly in international markets, leveraging, in particular, on its expertise in combining excellence in mobility with the most advanced protection solutions.

ENGINES AND TRANSMISSIONS

FPT Industrial

FPT Industrial specializes in the design, production and sale of propulsion and transmission systems for on- and off-road trucks and commercial vehicles, as well as engines for marine and power generation applications. The sector employs around 8,000 people at 10 plants and 6 R&D centers and is present in approximately 100 countries through a network of around 100 dealers and 1,300 service centers. FPT Industrial is one of the world's leading producers of powertrains for industrial application with an extensive product portfolio (consisting of 5 engine families ranging in output from 31–740 kW, axles for trucks and commercial vehicles, and transmissions with maximum torque from 300–470 Nm), and strong emphasis on research and development.

FIAT INDUSTRIAL AROUND THE WORLD

Fiat Industrial: a global group with a major industrial and commercial presence.

Employing a global vision but interacting at the local level, the Group is prepared to face new challenges, fully leverage the opportunities in each market and respond rapidly to the needs of customers.

€25,785 million

Revenues

68,257

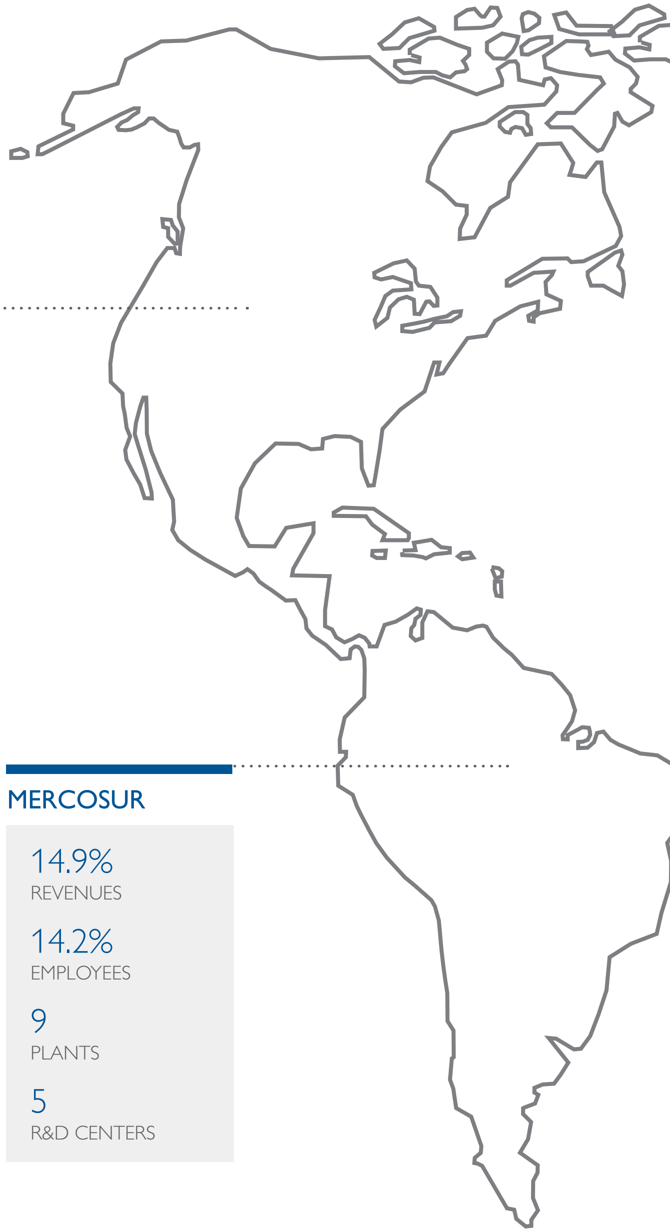
Employees

64

Plants

49

R&D Centers



NORTH AMERICA

28.5%
REVENUES

16.9%
EMPLOYEES

10
PLANTS

13
R&D CENTERS

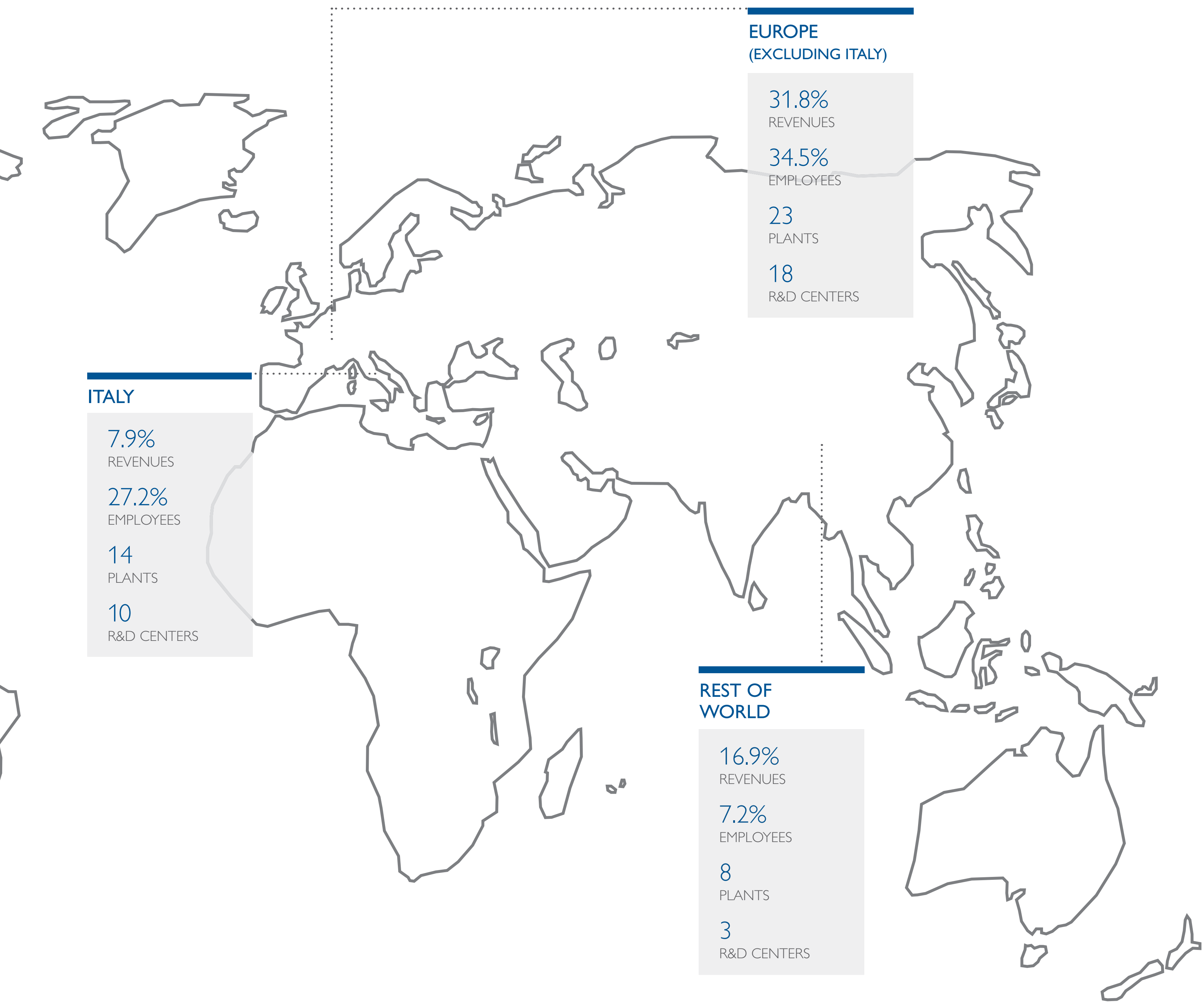
MERCOSUR

14.9%
REVENUES

14.2%
EMPLOYEES

9
PLANTS

5
R&D CENTERS


EUROPE
(EXCLUDING ITALY)
31.8%
REVENUES
34.5%
EMPLOYEES
23
PLANTS
18
R&D CENTERS
ITALY
7.9%
REVENUES
27.2%
EMPLOYEES
14
PLANTS
10
R&D CENTERS
REST OF
WORLD
16.9%
REVENUES
7.2%
EMPLOYEES
8
PLANTS
3
R&D CENTERS

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

From the moment it became an independent group, Fiat Industrial Group has been committed to operating in an environmentally and socially-responsible manner, building on the solid values that were already a well-established part of its business model prior to the demerger from Fiat Group.

To ensure effective application of those values, the Group has adopted a governance model – that is continually evolving in line with development of the Group and international best practice – in which top management has a direct and active role in issues relating to sustainability. At Board level, the Nominating, Corporate Governance and Sustainability Committee evaluates proposals relating to strategic guidelines for sustainability-related issues and reviews the annual Sustainability Report. The Group Executive Council – the highest decision-making body after the Board of Directors – defines the strategic approach, evaluates the congruity of the Sustainability Plan with business objectives and is regularly updated on the Group's sustainability performance. The Sustainability Unit, which is part of the Group Finance organization, plays a key role in promoting a culture of sustainability throughout the Group, facilitates the process of continuous improvement, and contributes to managing risks and strengthening the relationship with and perceptions of stakeholders, in addition to managing sustainability reporting and communications.

The governance system includes the Code of Conduct, which serves as the basis for a series of operating guidelines aimed at ensuring the Group's activities are conducted in a consistent and responsible manner.

Another important component of the sustainability governance system is the Sustainability Plan, which reports on the progress of existing projects and new targets to drive continuous improvement in the Group's sustainability performance. The Plan is incorporated in the Sustainability Report, which reports each year on Fiat Industrial's environmental and social performance. This year in its second edition, the Sustainability Report, which supplements the financial information contained in this document, is prepared on a voluntary basis applying the Global Reporting Initiative's G3.1 guidelines (GRI-G3.1). The Report is available in the Sustainability section of the corporate website.

For Fiat Industrial, acting sustainably means managing the social and environmental impacts of its activities in a manner that takes the expectations of all stakeholders into account. That approach contributes to the Group's ability to identify and effectively manage potential risks and leverage opportunities to increase the long-term value of the enterprise.

In order to demonstrate how the three dimensions of sustainability interrelate, this section provides a description of several key aspects of Fiat Industrial's business model, highlighting how effective management of the environmental and social dimensions translates into stronger revenues and more cost-efficient operations. Where possible, a quantification of the economic benefits generated is also provided. The areas discussed in this section, which focus on key phases in the product life cycle, were selected on the basis of a materiality analysis conducted during the year. A more detailed analysis of these areas and other environmental and social aspects of the Group's activities is provided in the 2012 Sustainability Report.

The environmental and social aspects looked at are linked to the supply of raw materials, production processes and use of the Group's product. The analysis also looks at innovation, which is essential in achieving processes and products that are cost effective, safe and environmentally responsible.

INNOVATION

For Fiat Industrial Group, innovation means managing a structured process, open to the contribution of stakeholders, whose objective is a product offering that achieves the highest standards in terms of environmental performance, safety and efficiency, while delivering low operating and maintenance costs. The Group's R&D activities focus on the design of environmentally-responsible production processes and products that meet or exceed future regulatory standards. In 2012, the Group spent a total of €895 million on Research and Development, equivalent to 3.6% of net revenues for Industrial Activities. R&D activities directly involved a total of around 5,800 people at 49 centers worldwide, five of which are located in Latin America and employ 690 people. The Group's research and development activities principally relate to: products (reduction of polluting emissions, alternative fuels, ergonomics, safety), production processes (ergonomics in the workplace, logistics, quality, energy efficiency) and working methods (virtual analysis, quality optimization, reduction of product development times).

The Group's commitment to excellence in research and development has led to the registration of around 6,500 patents, which enabled Fiat Industrial Group to secure €2 million in grants and €376 million in subsidized funding in 2012.

That amount included €350 million in funding from the European Investment Bank based on a comprehensive evaluation of the Group's R&D process and, specifically, the emphasis on mitigating climate change.

SUPPLIERS

Fiat Industrial Group has adopted a responsible approach to managing the supply chain at every level, from small local suppliers to large multinationals. The Group seeks to go beyond the purely commercial considerations to forge long-lasting and mutually beneficial relationships with highly-qualified partners that share its principles. Achieving sustainability throughout the supply chain means having a strategic vision that goes beyond the factory walls and fostering a sense of shared responsibility.

The Group's standards of environmental and social sustainability have been fully integrated into its supply chain management. The supplier selection process looks not only at the quality and competitiveness of a supplier's products and services, but also adherence to the Group's social, ethical and environmental principles.

Group companies use the International Material Data System (IMDS) – an online database of source and content of products from suppliers – to monitor and optimize the recyclability and recoverability of the vehicles and components produced. Through the IMDS, Group companies are able to guarantee customers that products are environmentally-compatible and conform to EC Regulation 1907/2006 (REACH) on management of hazardous chemicals and associated risks, as well as EC Directive 2000/53/EC on waste from end-of-life vehicles and EC Directive 2005/64/EC on vehicle reuse, recycling and recovery.

Fiat Industrial Group believes that suppliers are key partners for growth and, as such, is committed to maintaining a constant dialogue with them. In 2012, the Group continued to strengthen relationships with suppliers, as demonstrated by the numerous long-standing and mutually beneficial commercial relationships, and the minimal number of disputes.

The Group has various initiatives in place to incentivize supplier innovation. Through the Supplier Performance (Su.Per) program, in particular, it encourages suppliers to be proactive by sharing the economic benefits generated by innovative methods and technologies that they have proposed. In 2012, more than 50 suppliers benefited from this program (in line with 2011) and more than 200 supplier proposals were implemented, generating economic benefits valued at more than €10 million. One of those projects, developed in partnership between Iveco and its suppliers, was the introduction of a new plastic component to improve the aerodynamics of the Iveco Stralis. That aerodynamic kit – which costs €244 per unit less than the component it replaced – led to a further reduction in fuel consumption, and consequently, also CO_2 emissions.

PRODUCTION PROCESSES

Fiat Industrial Group is committed to continuous improvement in the environmental performance of its production processes, adopting the best technologies available and operating responsibly to mitigate climate change and conserve natural resources.

The Group's objective is to achieve and maintain the highest possible standards of excellence in production processes, through implementation of the principles of World Class Manufacturing (WCM), the innovative Japanese methodology based on a philosophy of continuous improvement. At year-end 2012, 53 Group plants had implemented WCM, representing 83% of total Group plants.

The primary objective of the WCM program is to eliminate all waste and loss through the rigorous application of a range of methods and standards. Targets include: zero defects, zero breakdowns, zero waste, zero accidents, inventory

reduction, as well as on-time delivery from suppliers, to the dealer network and the customer. Actions for continuous improvement are based on cost deployment analysis, which identifies waste and loss at the plant, identifies actions for other functions within the organization responsible for eliminating sources of waste, evaluates the viability of projects, and uses specific performance indicators to assess and validate the results of those projects. This approach leads to a more effective evaluation process, as all factors upon which each action could potentially impact are measured and correlated.

Application of this system at all plants facilitates a group-wide culture, based on efficient processes and a language that is universally recognized at all plants and in all countries where the Group operates. Another strong point is that it encourages employees to get involved and take responsibility by contributing to the improvement of processes through a system of suggestions and direct feedback. The best ideas generated through this process are also shared with other plants. WCM involves the entire organization and, by eliminating barriers, opens the way for sharing of ideas, know-how and skills within each plant and even between plants. In 2012, a total of around 375,000 suggestions were submitted by employees at plants participating in the WCM program, with an average of 10 suggestions per employee.

One of the pillars of the WCM system is the environmental pillar, which utilizes the principles of environmental management to create a series of coordinated measures aimed at reducing the environmental impact of a plant. Beyond compliance with legal and regulatory requirements, the process begins with a rigorous analysis of accidents, risks and waste (energy consumption, water usage, VOC emissions and waste generation) to identify corrective actions that will enable cost reductions.

Achievement of these targets requires a significant commitment in terms of both improvements in technical and operational performance, as well as financial investment.

All targets set out in the Group's 2010-2014 Environmental Plan for 2012 were achieved and the principal environmental KPIs showed a continuation of the positive trend recorded in recent years, reconfirming Fiat Industrial Group's significant emphasis on the environment. With regard to the principal indicators, per unit produced[1] VOC emissions were down 8% over 2011, water withdrawal 5%, waste generation 2%, energy consumption 4% and CO_2 emissions 9%.

The year-over-year reduction in energy consumption, despite similar production levels, was largely due to efficiencies achieved from energy saving initiatives. One example was the campaign to save energy on lighting in which approximately 40% of Group plants took part. The initiative led to a total reduction of more than 21,000 GJ, representing a saving of some 2,500 tons in CO_2 emissions. The financial benefit after just one year was equivalent to 55% of the initial investment.

Total Group expenditure on environmental protection measures totaled approximately €36 million in 2012 (+6% over 2011, at a comparable scope of reporting) and included: €24 million on waste disposal and emissions treatment and €12 million for prevention and environmental management.

Investment to improve energy performance represented 6% of the total energy expenditure and led to a reduction of more than 117,000 GJ in energy consumed for the year.

The Group's Environmental Management System for production processes has received ISO 14001 certification. In 2012, Group companies continued their commitment to achieving and maintaining certification for plants and, at year-end 2012, 56 plants were ISO 14001 certified.

The Group conformed its Energy Management System to the new ISO 50001:2011 standard and, at year-end 2012, 23 sites, accounting for 70% of total Group energy consumption, had been certified. The main advantage of this certification is that it provides a systematic approach to continuous improvement in environmental and energy performance.

(1) The indicators used relate to production hours, except for those for Volatile Organic Compounds, which refer to emissions for painted square meter. For FPT Industrial, the production hours for 2011 and 2010 are based on estimates.

This results in a more efficient and rational use of resources, leading to both financial benefits and a reduction in waste, pollutants and greenhouse gas emissions.

In terms of waste management, one of the Group's principal initiatives in 2012 was the establishment of the Iveco taskforce, a working group consisting of representatives from the main European plants whose role is to formulate measures for savings and improvement based on a comprehensive analysis of waste disposal costs. That process provided the opportunity to share know-how and compare experiences between plants, through a benchmarking of disposal costs, costs of internal waste management and disposal methods used for each waste type. Using standard data collection tools, the working group formulated measures for improvement, identified best practices and assessed applicability for each individual plant. Potential savings in waste disposal costs from measures identified by the working group are estimated at around 10%. This improvement in Iveco's environmental performance has also led to an increase in the waste recovery indicator of 2.2%.

OCCUPATIONAL HEALTH AND SAFETY

Ensuring adequate health and safety in the workplace is essential to the sustainable management of Fiat Industrial Group's business activities. In the Code of Conduct, the Group affirms the principle of a safe and healthy work environment being a fundamental right of every employee in every plant.

One of the initiatives developed by Fiat Industrial Group to meet that objective is an effective health and safety management system which conforms to OHSAS 18001 standards. As demonstration of its commitment in this area, 56 Group plants around the world are OHSAS 18001 certified.

Employee training, commensurate with their individual activities and responsibilities, is designed to increase awareness and promote proactive behavior in order to prevent potential risks occurring. During 2012, the Group provided a total of approximately 265,000 thousand hours of training on health and safety, a 13% increase over 2011. More than 38,800 employees received training during the year, including 28,274 hourly employees.

Clear and effective communication is also a crucial factor in the success of Group policies to prevent accident and occupational illness. Safe behavior derives from a deep-rooted culture of safety, which can only be strengthened by engaging employees and ensuring they are fully aware of potential risks and their role in terms of health and safety.

Despite the difficult global economic environment, numerous initiatives have been implemented by Group companies in recent years to improve safety in the workplace and, in 2012, the Group spent a total of approximately €96 million on improvement initiatives, representing a 16% increase over 2011.

In 2012, spending on improvements in safety and working conditions (worker protection, improvements to facilities, inspections of plants and the working environment) totaled €80 million, while €16 million was spent on employee health (healthcare costs).

Investment in health and safety has also led to a reduction in insurance premiums paid to INAIL (the Italian state accident and disability insurance agency), totaling more than €5 million in 2011 and over €4 million in 2012.

As a result of Group initiatives, some of which are mentioned above, for 2012 the overall frequency rate was 0.37 accidents per 100,000 work hours, representing a 33% drop over the prior year, with a severity rate of 0.12 days of absence due to accidents per 1,000 hours worked. Those figures relate to 92.1% of Group employees.

During 2012, there were no fatal accidents involving employees, contractors or other personnel operating at Fiat Industrial Group premises worldwide.

PRODUCTS

Fiat Industrial Group is fully aware of the role it can play in reducing greenhouse gas emissions and it has made a major commitment to researching and developing products and defining production processes that are safe, environmentally-friendly and cost-effective. The Fiat Industrial Group Environmental Guidelines, approved in September 2010, transform this responsibility into well-defined commitments and set out the principal areas of action to be taken through the product life cycle, from conception, to production, use and end-of-life management.

In the design phase, Group companies seek to combine innovation with economic viability. At the same time, priority is given to the use of recycled materials, which contribute to a reduction in raw material usage and can also be reused or recycled at the end of the product's life. Design also focuses on reducing components to simplify maintenance and separation of materials at end-of-life. The innovation process places the maximum emphasis on the environmental impact of products during the utilization phase, which, in some cases, accounts for more than 80% of CO_2 emissions generated over the product life cycle. As a result of the Group's achievements in this area, it is able to offer a portfolio of products with polluting emissions levels that meet the most stringent European and U.S. standards. Through the application of HI-eSCR technology, for example, the Cursor family of engines already conforms to future Euro VI emissions regulations.

The Group invests in research to improve the efficiency of its existing engine models, as well as developing alternative solutions that range from use of fuels derived from renewable sources to alternative propulsion systems. Research is also focused on applications that help drivers optimize their driving style, which can make a significant contribution to reducing emissions, as well as intelligent driver assistance systems (ADAS) that improve safety for all road users.

In recent years, the Group has adopted an integrated approach to achieve a more precise calculation of the environmental impact individual products have over their life cycle. This enables further improvements in environmental performance and offers customers the opportunity to make environmentally responsible and cost-effective choices. Improvements in consumption, longevity and maintenance intervals, in addition to achieving lower access tolls in urban centers for certain types of vehicles can reduce both the environmental impact and the total cost of ownership of the product. One example is the Iveco Stralis Hi-Way, which in September 2012 was named Truck of the Year 2013 by a panel of journalists from 25 specialist commercial vehicle magazines across Europe. The award recognized the Stralis' environmental performance and the reduction of up to 4% in total cost of ownership.

Fiat Industrial Group brands offer customers an extensive range of products that are designed to meet specific requirements. During 2012, Iveco sold over 1,400 vehicles from its natural gas range and FPT Industrial reconfirmed its position as leader in the design and manufacture of natural gas engines, with over 20,000 engines produced. CNH expanded its range of Tier 4A/Stage IIIB compliant products to 140 agricultural equipment models (up 75% over 2011) and 116 construction equipment models (up 55% over 2011).

AWARDS AND RECOGNITION

Fiat Industrial's achievements in improving sustainability performance were recognized by leading sustainability rating agencies and other international organizations.

For the second consecutive year, Fiat Industrial S.p.A. was named Industry Leader in the prestigious Dow Jones Sustainability Indexes World and Europe, which only admit companies that are best-in-class in terms of economic, environmental and social performance. The Company scored 85/100 compared to an average of 51/100 for all Industrial Engineering sector companies evaluated by RobecoSAM, the specialists in sustainability investing.

Vigeo also evaluated Fiat Industrial's environmental, social and governance performance, assigning a rating of 57/100. The Group ranked among the top 15 companies in the "Industrial Goods & Services" universe at the European level and, in November 2012, it was also included in the Vigeo World 120 and Vigeo Europe 120 indexes recently launched by Vigeo in collaboration with NYSE Euronext. The index is based on a performance evaluation of companies in North America, Asia Pacific and Europe included in the Stoxx 1800 index. The Vigeo indexes do not exclude companies based on product or activity, except where the product or activity is prohibited by law or international convention. Companies included in the index are those rated highest in ESG performance based on nearly 330 different indicators.

Dow Jones Sustainability Indexes Member 2012/13

MSCI Indices — Member of the MSCI ESG Indices 2012-2013

Member 2012/2013 STOXX ESG LEADERS INDICES

FTSE ECPI ITALIA SRI INDEX SERIES

ECPI Sense in sustainability

CDP DRIVING SUSTAINABLE ECONOMIES

The Group is also a member of other major sustainability indexes such as: the MSCI WORLD ESG, MSCI WORLD ex USA ESG, MSCI EAFE ESG, MSCI EUROPE ESG, STOXX® Global ESG Leaders, STOXX® Global ESG Environmental Leaders, STOXX® Global ESG Social Leaders, EURO STOXX® ESG Leaders 50, FTSE ECPI Italia SRI Benchmark and FTSE ECPI Italia SRI Leaders, ECPI Ethical EMU Equity.

In November 2012, Oekom Research reconfirmed Fiat Industrial's Prime status, which is awarded to companies that are sustainability leaders in their sectors.

In the Carbon Disclosure Project's Italy 100 Report, Fiat Industrial was confirmed in the Carbon Disclosure Leadership Index (CDLI) at the top of the "Industrials" sector, with a score of 91/100 for the level of transparency in disclosures on issues linked to climate change and a "B" grade (on a scale from A-best to E-worst) for climate change mitigation initiatives.

Web
bit.ly/Zmn5Nd

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07

REPORT ON OPERATIONS

HIGHLIGHTS

(€ million)		2012	2011	2010	2009
Net revenues		**25,785**	24,289	21,342	17,968
Trading profit/(loss)		**2,079**	1,686	1,092	322
Operating profit/(loss)		**1,862**	1,629	1,017	(19)
Profit/(loss) before taxes		**1,485**	1,169	576	(470)
Profit/(loss) for the year		**921**	701	378	(503)
Attributable to:					
Owners of the parent		**810**	624	341	(464)
Non-controlling interests		**111**	77	37	(39)
Basic earnings/(loss) per ordinary share (€)	(1)	**0.663**	0.511	0.279	(0.379)
Diluted earnings/(loss) per ordinary share (€)	(1)	**0.663**	0.511	0.279	(0.379)
Investments in tangible and intangible assets		**1,349**	993	872	708
of which: capitalized R&D costs		**533**	400	396	298
R&D expenditure	(2)	**895**	742	652	538
Total Assets		**38,937**	38,643	34,921	30,919
Net (debt)/cash		**(15,994)**	(14,549)	(12,179)	(11,283)
of which: net industrial (debt)/cash		**(1,642)**	(1,239)	(1,900)	(1,315)
Total equity		**5,722**	5,411	4,744	5,791
Equity attributable to owners of the parent		**4,935**	4,555	3,987	5,073
Employees at year end		**68,257**	66,998	62,123	61,243

(1) For all years shown, earnings per share calculation is based on the average number of ordinary shares outstanding after taking into account the effect of the conversion on May 21, 2012. See Note 13 to the Consolidated Financial Statements for additional information on the calculation of basic and diluted earnings per share

(2) Includes capitalized R&D and R&D charged directly to the income statement

SELECTED DATA BY REGION

	Companies		Employees		Plants		R&D Centers		Revenues (€ million)	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Italy	**26**	28	**18,574**	18,645	**14**	14	**10**	11	**2,045**	2,465
Europe (excluding Italy)	**133**	138	**23,578**	22,875	**23**	24	**18**	19	**8,204**	7,971
North America	**45**	49	**11,500**	10,976	**10**	10	**13**	13	**7,339**	6,049
Mercosur	**10**	9	**9,663**	9,655	**9**	8	**5**	4	**3,850**	4,106
Other regions	**43**	42	**4,942**	4,847	**8**	8	**3**	4	**4,347**	3,698
Total	**257**	**266**	**68,257**	**66,998**	**64**	**64**	**49**	**51**	**25,785**	**24,289**

SHAREHOLDERS

FINANCIAL COMMUNICATION

During 2012, Fiat Industrial continued the intense program of activities initiated in 2011 to present the new Group and give the market greater insight on the various businesses, the interaction and synergies between those businesses.

The Group's objective is to continue building on the relationship of trust with customers and investors through transparent and responsible management aimed at increasing the value of the enterprise on a sustainable basis. The Investor Relations team interacts with the financial community throughout the year, maintaining an active dialogue and communication flow to shareholders, investors and analysts to keep them up-to-date and enhance their understanding of the Group and its activities.

Those communication activities also include conference calls and public presentations held to present periodic financial results or other events that require direct communication to the market. Information presented or discussed on those occasions is immediately made publicly available on the corporate website (www.fiatindustrial.com). Other activities include participation in seminars and industry conferences, as well as non-deal roadshows in major financial centers that provide the opportunity for direct contact with management.

Following approval by shareholders (ordinary, preference and savings share) in early April of the proposal to simplify the Company's capital structure, the Investor Relations team held several one-to-one meetings and conferences with institutional investors and analysts to explain the transaction and its advantages for shareholders.

Between the end of May and the end of November – the period between the date of Fiat Industrial's first communication to CNH Global N.V. proposing consideration of the benefits of a potential strategic transaction between the two companies and the date of the joint announcement of the definitive merger agreement to combine the respective businesses – the Investor Relations team also maintained a constant dialogue with the financial community through conference calls and meetings to present and explain the proposed transaction and its benefits.

Several non-deal roadshows, one-to-one meetings and conferences on the capital goods sector were organized by equity and fixed income analysts in London, Paris, Geneva, Zurich, Amsterdam, Rotterdam, The Hague, Brussels, Milan and at the Company's head office in Turin, at which management and the IR team also had the opportunity to give additional briefings to investors on the operating performance of Fiat Industrial's various businesses and their strategic plans going forward.

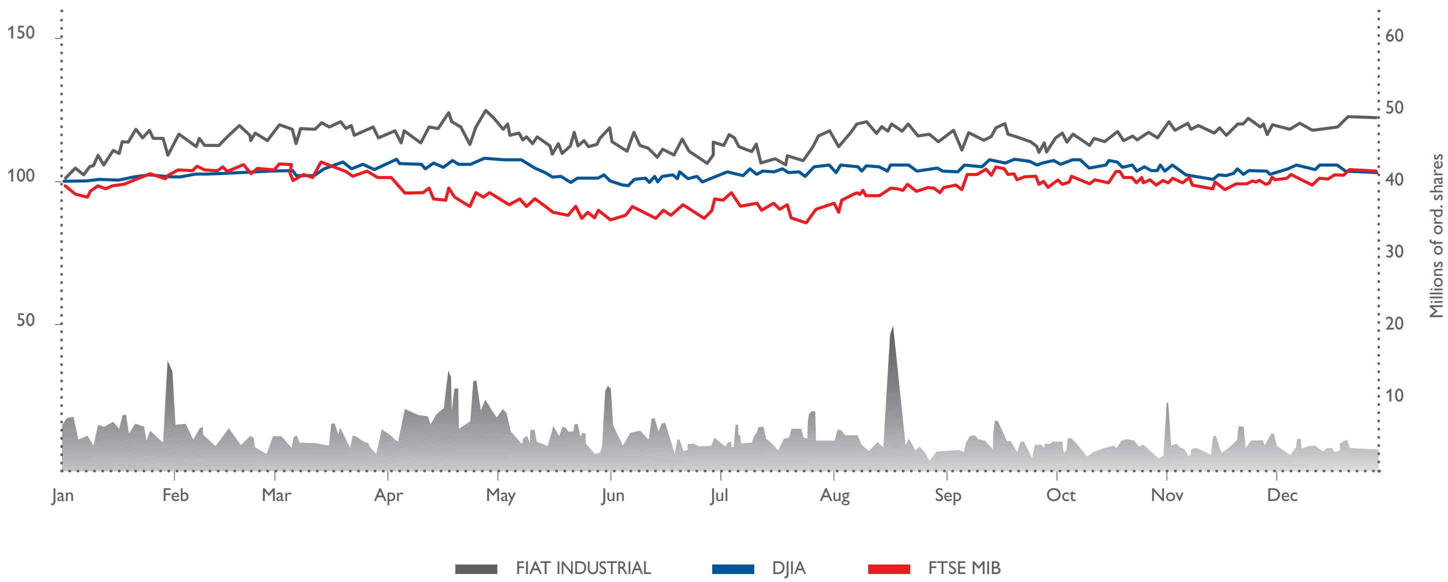
Financial information, institutional presentations, periodic publications, official press releases and real-time share price updates are available in the Investor Relations section of the corporate website (www.fiatindustrial.com).

Shareholders can also contact the Company at the following:

Toll-free number in Italy: 800/804027

E-mail: serviziotitoli@fiatindustrial.com
investor.relations@fiatindustrial.com

FIAT INDUSTRIAL ORDINARY SHARES: PERFORMANCE RELATIVE TO FTSE MIB AND DOW JONES INDUSTRIAL AVERAGE (REBASED TO 100 AT 1/2/2012) AND DAILY TRADING VOLUME



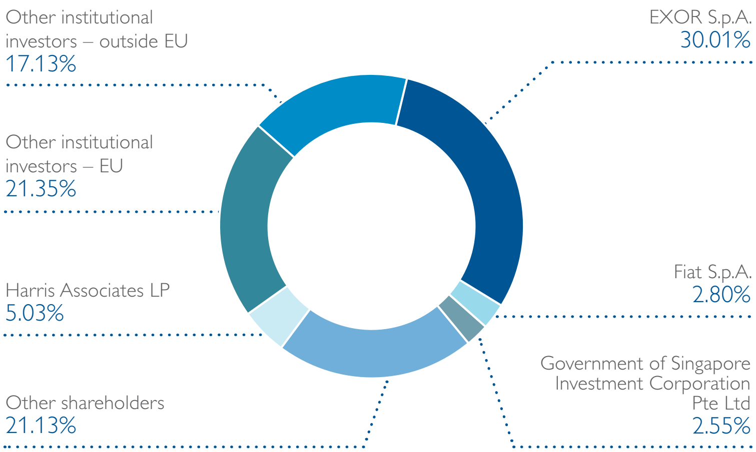
The global economy remained weak throughout 2012. There was a contraction in economic activity in the eurozone and the UK, while the US and Japan recorded moderate growth and the emerging markets, China and Brazil in particular, registered signs of a slowdown. In the U.S., the risk of a failure to reach a political agreement on the budget that would bring the economy to the edge of a "fiscal cliff" created significant uncertainty for consumers and businesses. In China, the weakness of the global economy led to a drop in export activity which was only partially compensated by domestic demand and infrastructure investment. In the eurozone, 2012 saw more restrictive fiscal policies and clampdowns on public spending even in the more robust economies. Economic conditions were also affected by the protracted uncertainty in financial markets, which eased significantly during the second half of the year due to actions taken by the ECB to stabilize the euro, particularly the launch of the Outright Monetary Transactions program.

The FTSE MIB index registered a 5% increase, compared with a 26% decrease for the prior year. Fiat Industrial shares registered double-digit growth (+21%), reversing the prior year's performance when the price closed down for the year, in line with the negative trend for the Italian market overall.

MAJOR SHAREHOLDERS

At the date of this Report, Fiat Industrial had a total of 1,222,568,882 ordinary shares outstanding and the following institutions held more than 2% of ordinary shares:

ORDINARY SHARES: 1,222,568,882	
EXOR S.p.A.	30.01%
Fiat S.p.A.	2.80%
Harris Associates LP	5.03%
Government of Singapore Investment Corporation Pte Ltd	2.55%
Other institutional investors in the EU	21.35%
Other institutional investors outside the EU	17.13%
Other shareholders	21.13%



EARNINGS PER SHARE (*)

(figures in €)	2012	2011	2010	2009
Basic earnings/(loss) per ordinary share	**0.663**	0.511	0.279	(0.379)
Diluted earnings/(loss) per ordinary share	**0.663**	0.511	0.279	(0.379)

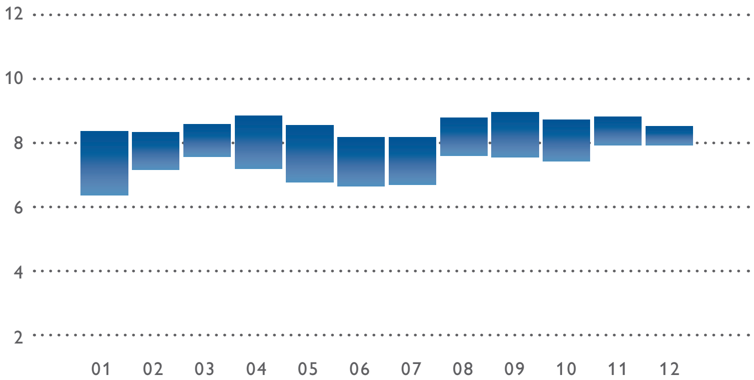
(*) For all years shown, earnings per share calculation is based on the average number of ordinary shares outstanding after taking into account the effect of the conversion on May 21, 2012

REFERENCE PRICE PER SHARE (*)

(figures in €)	12.28.12	12.30.11	01.03.11
Ordinary shares	**8.255**	6.625	9.000
Preference shares	-	4.570	6.250
Savings shares	-	4.732	6.180

(Source: Reuters)
(*) Equivalent to the closing auction price

MONTHLY MINIMUM AND MAXIMUM PRICE IN 2012 (figures in €)



KEY EVENTS IN 2012

JANUARY

CNH's agricultural brands win nine 2012 AE50 innovation awards from ASABE (American Society of Agricultural and Biological Engineers).

Release in Europe and North America of Maxxum and Steyr Profi ecotech tractors, Titan 30 and 40 Series Floaters, 920 and 930 Nutri-Placer applicators, 950 Nutri-Tiller strip-till system and six new Axial-Flow combine models, all Tier 4A/Stage IIIB emissions compliant.

New Axial-Flow 30 Series EfficientPower combines launched in Australia, China, Russia and Ukraine and 635 Module Express cotton pickers in Brazil.

621F wheel loader introduced in North America.

North American debut of new Tier 4A/Stage IIIB compliant B95C and B110C loader backhoe tractors at World of Concrete show.

Iveco participates in Dakar rally in South America with an Iveco Powerstar and two Iveco Trakker Evolution 2 trucks equipped with 900 hp Cursor 13 engines from FPT Industrial. The vehicles take 1st, 2nd and 6th place in the overall truck ranking.

Launch of two versions of the new Daily, one with 146 hp 2.3-liter F1A engine (Euro 5) with exclusive MultiJet II technology, and the other with 146 hp 3.0-liter F1C engine (EEV). Both engines are produced by FPT Industrial.

Launch of additional versions of NEF and Cursor Tier 4A engines for the retail market, and Tier 4A F5C for application on CNH agricultural and construction equipment.

FEBRUARY

CNH hosts a Russian government delegation at JV in Naberezhnye Chelny, Tatarstan to celebrate completion of first stage of production activities at the plant.

At FIMA in Spain, New Holland Agriculture wins an outstanding innovation award for the SynchroKnife central header drive and four technical innovation awards.

In North America, at the National Farm Show, brand introduces T6 tractors featuring Tier 4A/Stage IIIB compliant engines, and new MegaCutter tractor with disc mower-conditioners and ProRotor rotary rakes.

Launch of 885B motor grader in North America and new CX210C and CX235C crawler excavators in Europe.

In Brazil, Euro V versions of the NEF 6, Cursor 9 and Cursor 13 engines are launched for application on Iveco trucks and buses.

Launch at Miami Boat Show of FPT Industrial's NEF67 500 PD unit engine for the US market.

MARCH

Standard & Poor's raises outlook for Fiat Industrial S.p.A. from negative to stable and affirms the long-term rating of "BB+" and short-term rating of "B".

CNH announces long-term strategic partnership with Orkel AS, the Norwegian market leader in high-performance fixed-chamber round balers, compactors and tractor trailers.

Launch of T9 tractor in Brazil.

CASE

North American launch of new Tier 4A/Stage IIIB-compliant loader backhoe tractor models and the new CX210C and CX470C crawler excavators.

NEW HOLLAND

In Europe, launch of Tier 4A/Stage IIIB LM625 telescopic handler.

FPT

Production ramp up in Brazil of the new Euro V F1 engines for LCVs.

APRIL

CASE IH

Axial-Flow 9230 combine harvester awarded PUCHAR ("highest honor") by Polish Ministry of Agriculture and Rural Development at Agrotech 2012.

CASE IH

At Agrishow 2012 in Brazil, Case IH presents extensive offering of no-till planters produced in alliance with Semeato.

NEW HOLLAND

At Agrishow, presentation of new CR5080, CR6080SL and CR9080 Twin Rotor models and, through alliance with Semeato, new SOLTT planting equipment.

CASE

Launch of new Tier 3 wheel loaders in key markets in Africa, Middle East, CIS and Central Asia. In Europe, the brand launches new Tier 4A/Stage IIIB 1121F and 1021F wheel loader models.

NEW HOLLAND

Introduction of new C series crawler excavator and wheel loader with Tier 3 engines to key markets in Africa, Middle East, CIS and Central Asia. In Europe, the brand launches Tier 4A/Stage IIIB W270 and W300 wheel loaders.

IVECO

At Intermat Paris, debut of new Dakar limited edition version of Trakker (only 502 will be made available).

IVECO

At Bedrijfsauto 2012 in Amsterdam, presentation of new Stralis LNG Natural Power with 330 hp Cursor 8 engine.

IVECO

At Auto Beijing, through JV with Naveco, Iveco unveils new K version of Yuejin Ouka developed for medium-upper end of light vehicle market and, through JV with SIH, presents new 6x4 Genlyon M100 heavy truck.

Iveco secures order from the City of Dijon for 102 diesel-electric hybrid buses.

New plant in Cordoba (Argentina) begins operations with production launch of Euro V Cursor 13 engine for Iveco Stralis and Trakker.

SAIC Fiat Powertrain Hongyan Co. Ltd. (an FPT Industrial JV in China) presents new Euro IV 480 hp Cursor 13 engine at Auto Beijing. Engine also named "Environmental Protection Engine 2012" by *China Auto News*.

At Intermat 2012 in Paris, presentation of Tier 4B/Stage IV off-road engine range, equipped with "Hi-Efficiency SCR" technology.

At Buenos Aires boat show, South American launch of NEF 67 500 PD unit.

Production begins on N45, NEF4, NEF6 and Cursor 13 Tier 4A engines for CNH, Tier 4A F5C engine for Perkins and Stage IIIA N45 engine for Power Generation sector.

MAY

Completion on May 21st of mandatory conversion of all preference and savings shares into ordinary shares. From that date, Fiat Industrial ordinary shares only are traded on Borsa Italiana (MTA).

On May 30, 2012, Fiat Industrial S.p.A. invites Board of CNH Global N.V. to explore benefits of a potential merger of both companies into a newly-incorporated Dutch company. The objective is to simplify the Group's capital structure creating a single class of stock – with primary listing in New York and secondary listing in Europe – and establishing a true peer to major North American capital goods players.

Release of new fuel-efficient TD5 series tractors in South Africa and TT Compact series in key African markets.

At CTT trade show in Moscow, brand presents latest range of Tier 3 SR and SV skid steer and TR compact track loaders.

FPT IVECO

Joint presentation of exclusive new High-Efficiency SCR (HI-eSCR) technology, designed to meet Euro VI standards in Europe (effective in January 2014). This patented FPT Industrial technology reduces emissions, offers top level performance and lowers operating costs.

JUNE

Topofmind

CASE IH

Release in Brazil of Axial-Flow 7120 and 8120 combine models. The brand's sugar cane harvester receives "Top of Mind" award from *Revista Rural* magazine.

CASE IH

Puma 145 with Efficient Power is awarded "HIT of the Fair" at XIII Mazovian Agricultural Days exhibition in Poland.

NEW HOLLAND AGRICULTURE

Launch of BigBaler series in Europe, Australia and North America.

IVECO DEFENCE VEHICLES

At Eurosatory in Paris, a prototype of the 6x6 Guarani armored amphibious personnel carrier is delivered to the Brazilian Army.

JULY

FIAT INDUSTRIAL

Fiat Industrial and European Investment Bank sign agreement for €350 million in funding to support Group R&D projects to improve energy efficiency and reduce CO_2 emissions.

CASE

Launch in India of SR130 and SR150 skid steer loaders.

IVECO

Preview presentation of new Stralis Hi-Way to dealers and international press. Iveco's latest generation on-road heavy truck range is available with new Euro V and VI Cursor diesel engines from FPT Industrial. Euro VI versions use patented HI-eSCR technology.

AUGUST

CASE IH

At Farm Progress show in U.S., Case IH unveils 4WD Steiger Rowtrac tractor with narrow tracks.

NEW HOLLAND AGRICULTURE

At Farm Progress show, brand introduces new 840CD rigid draper head designed for CR series Twin Rotor and CX8000 super-conventional combines.

NEW HOLLAND AGRICULTURE

ISOBUS communication system between tractor and SOLTT planter receives top prize in Innovation Category at Expointer in Brazil.

CASE

Introduction of new Tier 4A/Stage IIIB H series rough-terrain forklifts and 570N XT tractor loaders in North America.

IVECO

In Brazil, Iveco launches new generation of Stralis Ecoline range.

FPT

Production launch of Stage IIIA Cursor 10 engines for power generation.

SEPTEMBER

Dow Jones Sustainability Indexes
Member 2012/13

For 2nd consecutive year, Fiat Industrial is included in DJSI World and Europe indexes as Sector Leader, with a score of 85/100 compared to an average of 51/100 for all Industrial Engineering companies evaluated by RobecoSAM.

Launch of new FR forage harvester models in Europe, including 2 Tier 4A/Stage IIIB models. Leveraging on long-term strategic partnership with Orkel, New Holland Agriculture introduces new series of professional fixed chamber Roll Balers.

At CIAME in China, New Holland launches Braud 9080L, the first grape harvester to be offered in the local market.

In Latin America, introduction of new LM1445 and LM1745 telehandlers and new E55B compact excavator.

At IAA in Hanover, Stralis Hi-Way is named "International Truck of the Year 2013" for making "greatest contribution to road transport efficiency from several different perspectives including: fuel economy, safety, drivability, comfort and a low-environmental footprint".

Hanover is also the venue for presentation of the heavy on-road Stralis "Emotional" and "Iveco Dual Energy" concept. The new Trakker, part of Iveco's quarry and construction range, with an all-new cabin and available with Euro V Cursor 8 and 13 engines from FPT Industrial also makes its world debut at IAA.

At IAA in Hanover, launch of new version of the HD9 with all-new cabin and enhanced performance characteristics.

Brand wins major contract to supply more than 150 Crossway Low Entry buses to Deutsche Bahn Fuhrpark Service GmbH, a leading bus operator in Germany.

Presentation of new Euro VI Cursor 8 CNG engine for buses and other on-road vehicles at IAA in Hanover.

Production begins on Euro V versions of NEF4 engines and F1C for light and medium commercial vehicles in Brazil, and Euro V Cursor 9 for Iveco heavy trucks in Argentina.

New York to Bermuda record set by FB Design boat with twin 650 hp C90 engine from FPT Industrial.

Agreement signed with VDL Bus & Coach to supply Euro VI Cursor 9 engine with HI-eSCR technology and with Ford to supply Cursor 10 engines for new range of heavy trucks.

OCTOBER

CNH Capital LLC completes private offering of USD 750 million in 3.875% notes due 2015. Notes are issued at par with interest payable semi-annually.

Iveco and Larimar Group sign agreement for JV to manufacture trucks and buses in South Africa. The agreement forms part of Iveco's strategy of manufacturing globally, while tailoring products to local needs.

New generation of Tier 4A/Stage IIIB wheeled excavators (NHC B PRO series and Case WX8 series) launched in Europe.

In North America, the B series grader voted one of "Top 100" products in 2012 by *Construction Equipment* magazine.

Production begins on Euro V NEF6 CNG engines for Peruvian bus manufacturer Modasa.

At Genoa Boat Show, debut of 570 hp NEF67, the brand's first Tier 3 compliant marine engine.

NOVEMBER

On November 26th, following negotiations between Fiat Industrial and Special Committee formed by Board of CNH Global, the companies announce a definitive merger agreement. Fiat Industrial and CNH are to merge into a newly-incorporated Dutch company.

Confirmed top of Industrials sector in Carbon Disclosure Leadership Index (CDLI) by Italy 100 Report with score of 91/100.

ASABE announces winners of the 2013 AE50 innovation awards. CNH brands win 10 prizes in total.

New BigBaler series awarded SIMA Silver Innovation Medal in France.

At EIMA in Italy, T4060F tractor wins the 2013 "Best of Specialized" tractor award.

At Eima, brand launches several new tractor models: compact T3F for small and mid-sized orchard and viticulture operators; TI3 and TI4 for hay-making and landscaping; and T5 range, with T5 Electro Command models.

In the Far East, the brand also launches new TS6 tractor series.

Locally manufactured T7 tractors introduced in Brazil.

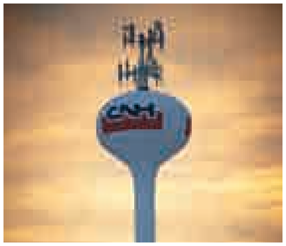
Better Roads magazine names 621F wheel loader among "Top 25" products in 2012 for fuel efficiency and productivity.

Introduction of new C Series crawler excavator with Tier 4A/Stage IIIB engines.

In China, Naveco's Chaoyue is named "Truck of the Year China 2013".

In Brazil Tector Attack receives "AutoData Award" in the Truck category.

DECEMBER



CNH

As a result of an ongoing strategic review of its construction equipment business, CNH announces next phase of its business relationship with Kobelco Construction Machinery Co., Ltd. Non-exclusive licensing and supply agreements take effect January 1, 2013 and all joint ventures between the parties unwound.

FPT

Brand receives two major awards in China: one for the HI-eSCR system as best technological innovation and the other for achievements in raising the standard of technology in the construction equipment sector in China.

HIGHLIGHTS BY SECTOR

(€ million)	Net revenues 2012	Net revenues 2011	Trading profit/(loss) 2012	Trading profit/(loss) 2011	Operating profit/(loss) 2012	Operating profit/(loss) 2011	Total operating assets 2012	Total operating assets 2011
Agricultural and Construction Equipment (CNH)	**16,056**	13,896	**1,566**	1,154	**1,529**	1,181	**22,666**	21,267
Trucks and Commercial Vehicles (Iveco)	**8,924**	9,562	**469**	490	**288**	408	**10,273**	9,718
FPT Industrial	**2,933**	3,220	**142**	107	**142**	106	**1,911**	1,954
Other Activities and Eliminations	**(2,128)**	(2,389)	**(98)**	(65)	**(97)**	(66)	**(528)**	(604)
TOTAL	**25,785**	24,289	**2,079**	1,686	**1,862**	1,629	**34,322**	32,335

(€ million)	Total operating liabilities 2012	Total operating liabilities 2011	Capital expenditure(1) 2012	Capital expenditure(1) 2011	R&D expense(2) 2012	R&D expense(2) 2011	Number of employees 2012	Number of employees 2011
Agricultural and Construction Equipment (CNH)	**18,047**	17,013	**758**	494	**520**	384	**33,826**	32,693
Trucks and Commercial Vehicles (Iveco)	**9,186**	8,853	**439**	343	**289**	254	**26,307**	26,202
FPT Industrial	**1,187**	1,389	**151**	155	**86**	104	**8,029**	8,008
Other Activities and Eliminations	**(428)**	(488)	**1**	1	**-**	-	**95**	95
TOTAL	**27,992**	26,767	**1,349**	993	**895**	742	**68,257**	66,998

(1) Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments and leased out)
(2) Includes capitalized R&D and R&D charged directly to the income statement

MAIN RISKS AND UNCERTAINTIES TO WHICH FIAT INDUSTRIAL S.P.A. AND THE GROUP ARE EXPOSED

RISKS ASSOCIATED WITH GENERAL ECONOMIC CONDITIONS

The Group's earnings and financial position are and will continue to be influenced by various macroeconomic factors – including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, energy prices and the cost of commodities or other raw materials – which exist in the various countries in which it operates.

Financial conditions in several regions continue to place significant economic pressures on existing and potential customers, including the Group's dealer networks. As a result, some customers may delay or cancel plans to purchase the Group's products and services and may not be able to fulfill their obligations to the Group in a timely fashion. Additionally, the Group's suppliers may be impacted by economic pressures, which may adversely affect their ability to fulfill their obligations to the Group, which could result in product delays, increased accounts receivable, defaults and inventory challenges. There is particular concern about economic conditions in Europe (and potentially the long-term viability of the Euro currency), which is at risk of being impacted by sovereign debt defaults and other severe pressures on the banking system in European Union countries. It is uncertain whether central bank or governmental measures will reduce or eliminate this risk. In addition, other governments may continue to implement measures designed to slow the economic growth rate in those countries (e.g., higher interest rates, reduced bank lending and other anti-inflation measures). If there is significant deterioration in the global economy or the economies of key regions, the demand for the Group's products and services would likely decrease and the Group's results of operations, financial position and cash flows could be materially and adversely affected.

In addition, a decline in equity market values could cause many companies, including the Group, to carefully evaluate whether certain intangible assets, such as goodwill, have become impaired. The factors that the Group evaluates to determine whether an impairment charge is necessary require management judgment and estimates. The estimates are impacted by a number of factors, including, but not limited to, worldwide economic factors and technological changes. Any of these factors, or other unexpected factors, may require the Group to consider whether it needs to record an impairment charge. In the event the Group is required to record an impairment charge with respect to certain intangible assets, it would have an adverse impact on the Group's financial position and results of operations.

RISKS ASSOCIATED WITH FINANCING REQUIREMENTS

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible recourse to capital markets or other sources of financing. Although the Group has measures in place to ensure that adequate levels of working capital and liquidity are maintained, further declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself having to seek additional financing and/or refinance existing debt, including in unfavorable market conditions, with limited availability of funding and a general increase in funding costs. Any difficulty in obtaining financing could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH THE CREDIT RATING OF FIAT INDUSTRIAL S.P.A.

On January 5, 2011, Moody's Investors Service assigned Fiat Industrial a Ba1 Corporate Family Rating and a short-term "Not Prime" rating, with stable outlook. On February 24, 2011 Standard & Poor's Rating Services confirmed a long-term rating of BB+ with negative outlook, in line with the preliminary rating issued on November 4, 2010, and a short-term rating of B. On March 22, 2012, Standard & Poor's upgraded its outlook from negative to stable and confirmed Fiat Industrial's long-term rating of BB+ and short-term rating of B.

In addition to other factors, the ability to access capital markets and the related costs are highly dependent on the Group's credit rating. Any downgrade by rating agencies could increase the Group's cost of capital and potentially limit its access to sources of financing with a consequent material adverse effect on its business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH FLUCTUATIONS IN CURRENCY, INTEREST AND CREDIT RISK

The Group, which operates in numerous markets worldwide, is naturally exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the difference in geographic distribution between the Group's manufacturing activities and its commercial activities, resulting in cash flows from exports denominated in currencies that differ from those associated with production activities.

The Group uses various forms of financing to cover funding requirements for its industrial activities and for financing customers and dealers. The Group's financial services companies operate a matching policy to offset the impact of differences in rates of interest on the financed portfolio and related liabilities. Nevertheless, changes in interest rates can result in increases or decreases in revenues, finance costs and margins.

Consistent with its risk management policies, the Group seeks to manage currency and interest rate risk through the use of financial hedging instruments. Despite such hedges being in place, however, sudden fluctuations in currency or interest rates could have an adverse effect on the Group's business prospects, earnings and/or financial position.

The Group's Financial Services activities are also subject to the risk of insolvency of dealers and end customers, as well as unfavorable economic conditions in markets where these activities are carried out, which the Group seeks to mitigate through credit policies applied to dealers and end customers.

RISKS ASSOCIATED WITH THE AGRICULTURAL AND CONSTRUCTION EQUIPMENT, AND TRUCK AND COMMERCIAL VEHICLES MARKETS

Performance of the agricultural equipment market is influenced, in particular, by factors such as:

- the price of agricultural commodities and the relative level of inventories
- the profitability of agricultural enterprises
- the demand for food products
- agricultural policies, including aid and subsidies to agricultural enterprises, provided by major governments and/or supranational organizations

In addition, unfavorable climactic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on the decision to buy agricultural equipment and, consequently, on the Group's revenues.

Performance of the construction equipment market is influenced, in particular, by factors such as:

- public infrastructure spending
- new residential and non-residential construction

Performance of the trucks and commercial vehicle market is influenced, in particular, by factors such as:

- changes in global market conditions including changes in levels of business investments and sales of commodities
- public infrastructure spending

The above factors could significantly influence the demand for agricultural and construction equipment, as well as for trucks and commercial vehicles, and, consequently, the Group's financial results.

RISKS ASSOCIATED WITH RELATIONSHIPS WITH EMPLOYEES AND SUPPLIERS

In many countries where the Group operates, Group employees are protected by various laws and/or collective labor agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including downsizing or closure of production activities and reductions in personnel. Laws and/or collective labor agreements applicable to the Group could impair its flexibility in reshaping and/or strategically repositioning its business activities. The Group's ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and the agreement of the labor unions where such laws and agreements are applicable. Industrial action by employees could have an adverse impact on the Group's business activities.

Furthermore, the Group purchases raw materials and components from a large number of suppliers and relies on services and products provided by companies external to the Group. Some of those companies are highly unionized.

Close collaboration between a manufacturer and its suppliers is common in the industries in which the Group operates and although this offers economic benefits in terms of cost reduction, it also means that the Group is more reliant on its suppliers and is exposed to the possibility that difficulties, including of a financial or industrial relations nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH INCREASES IN COSTS, DISRUPTION OF SUPPLY OR SHORTAGE OF RAW MATERIALS

The Group relies upon key suppliers for certain raw materials, parts and components. The Group cannot guarantee that it will be able to maintain appropriate supply arrangements with these suppliers or otherwise assure access to raw materials, parts and components. In some cases this access may be affected by factors outside of the Group's control and the control of its suppliers. Adverse financial conditions and natural disasters, such as the March 2011 earthquake and tsunami in Japan, could cause some of the Group's suppliers to face severe financial hardship and disrupt the Group's access to critical raw materials, parts and components. Any disruption to or shortage of supply of raw materials, parts and components could negatively impact the Group's costs of production, the Group's ability to fulfill orders, the Group's ability to achieve growth in product sales and the profitability of the Group's business.

Certain companies in the Group use a variety of raw materials in their businesses including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The prices for these raw materials fluctuate and at times in recent periods prices have increased significantly in response to changing market conditions. The Group will seek to manage this exposure, but it may not be successful in hedging these risks. Substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs were not offset by changes in product prices.

RISKS ASSOCIATED WITH THE CNH'S STRATEGIC ALLIANCE WITH KOBELCO CONSTRUCTION MACHINERY CO., LTD.

Effective December 31, 2012, the first phase of CNH's global alliance with Kobelco Construction Machinery Co., Ltd. expired and CNH entered a new phase of the relationship. CNH will continue to be able to purchase whole goods from Kobelco as well as component parts to continue to manufacture excavators, based upon Kobelco technology, in CNH's plants until at least December 31, 2017. With the end of the first phase of the global alliance, CNH and Kobelco will terminate their co-ownership of certain companies formed in connection with the global alliance. In addition, the territorial sales and marketing restrictions under the global alliance will expire. While the Group expects a smooth transition with respect to implemented changes, a failure to realize such a transition and anticipated benefits could have a material adverse effect upon the Group's construction product lines, construction equipment distribution network, financial position and results of operations.

RISKS ASSOCIATED WITH MANAGEMENT

The Group's success is largely dependent on the ability of its senior executives and other members of management to effectively manage the Group and individual areas of business. The loss of any senior executive, manager or other key employee without an adequate replacement or the inability to attract and retain new, qualified personnel, including any loss of members of senior management or employees that could occur in connection with the proposed Transaction, could therefore have an adverse effect on the Group's business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH THE HIGH LEVEL OF COMPETITION IN THE INDUSTRIES IN WHICH THE GROUP OPERATES

Substantially all of the Group's revenues are generated in highly competitive sectors that include the production and distribution of agricultural and construction equipment, trucks and commercial vehicles, and related powertrain systems. The Group faces competition from other international manufacturers of trucks and commercial vehicles in Europe and Latin America and from global, regional and local agricultural and construction equipment manufacturers, distributors and component suppliers in Europe, North America and Latin America. These markets are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered. Competition, particularly in pricing, has increased significantly in the Group's areas of activity in recent years. Should the Group be unable to adapt effectively to external market conditions, this could have an adverse effect on its business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH ENVIRONMENTAL AND OTHER GOVERNMENT REGULATION

The Group's products and activities are subject to numerous environmental laws and regulations (local, national and international) which are becoming increasingly stringent in many countries in which it operates. Such regulations govern, among other things, products – with requirements for reduced emissions of polluting gases, reduced fuel consumption and safety becoming increasingly stricter – and industrial plants – with requirements for reduced emissions, treatment of waste and water and prohibitions on soil contamination becoming increasingly stricter. To comply with such regulations, the Group employs considerable resources and expects it will continue to incur substantial costs in the future.

In addition, government initiatives to stimulate consumer demand for products sold by the Group, such as changes in tax treatment or purchase incentives for new vehicles, can substantially influence the timing and level of revenue generation. The terms, size and duration of such government measures is unpredictable and outside of the Group's control. Any adverse change in government policy relating to those measures could have a material adverse effect on the Group's business prospects, operating results and/or financial position.

RISKS ASSOCIATED WITH THE ABILITY TO OFFER INNOVATIVE PRODUCTS

The success of the Group's businesses depends on their ability to maintain or increase share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. In particular, the failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors in terms of price, quality, functionality and features, or delays in bringing strategic new products to market, could result in reduced market share, having a material adverse effect on the Group's business prospects, earnings and/or financial position.

RISKS ASSOCIATED WITH OPERATING IN EMERGING MARKETS

The Group's ability to grow its businesses depends to an increasing degree on its ability to increase market share, and operate profitably, in emerging market countries, such as Brazil, Russia, India, China, Argentina and Turkey. In addition, the Group could increase its use of component suppliers in these markets. The Group's implementation of these strategies will involve a significant investment of capital and other resources and entail various risks. For example, the Group may encounter difficulties in obtaining necessary government approvals in a timely manner. In addition, the Group may experience delays and incur significant costs in constructing facilities, establishing supply channels, and commencing manufacturing operations. Further, customers in these markets may not readily accept the Group's products. The Group may face challenges as a result of the pervasiveness of corruption and other irregularities in business practices in certain regions. Some of these emerging market countries also may be subject to a greater degree of economic and political volatility that could adversely affect the Group's financial position, results of operations and cash flow.

RISKS ASSOCIATED WITH THE CAPITAL GOODS MARKET

More than other sectors, producers in the capital goods sector, such as CNH and Iveco, are subject to:

- the condition of financial markets, in particular, the ability to access the securitization market and prevailing interest rates in that market. In North America, in particular, CNH makes considerable use of asset-backed securitization to fund financing offered to dealers and end customers. Negative conditions in the financial markets, and the asset-backed securitization market in particular, could have a significant impact on the Group's business prospects, earnings and/or financial position
- cyclicality, which can cause sudden declines in demand, with negative effects on inventory levels and product pricing, both new and used. In general, demand in the capital goods sector is highly correlated to the economic cycle and can be subject to even greater levels of volatility

RISKS ASSOCIATED WITH THE GROUP'S DEFINED BENEFIT PENSION PLANS AND OTHER POST-EMPLOYMENT OBLIGATIONS

At December 31, 2012, Fiat Industrial's defined benefit pension plans and other post-employment benefits had an underfunded status of approximately €1,857 million. This amount included defined benefit pension plans and other post-employment benefits obligations of €801 million for plans that the Group is not currently required to fund. Changes in applicable law could affect the funding requirements in the future.

The funded status of Fiat Industrial's defined benefit pension and post-employment benefit plans is subject to many factors as discussed in the section "Significant Accounting Policies - Use of Estimates" of the Notes to Fiat Industrial's Annual Consolidated Financial Statements. To the extent that the Group's obligations under a plan are unfunded or underfunded, the Group will have to use cash flow from operations and other sources to pay its obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets will vary due to market factors. In recent years, these fluctuations have been significant and adverse and there is no assurance that they will not be significant and adverse in the future.

RISKS ASSOCIATED WITH THE GLOBAL NATURE OF THE GROUP'S ACTIVITIES

Some of those risks include:

- changes in laws, regulations and policies that affect:
  - import and export duties and quotas
  - currency restrictions
  - the design, manufacture and sale of the Group's products, including, for example, engine emissions regulations
  - interest rates and the availability of credit to the Group's dealers and customers
  - property and contract rights
  - where and to whom products may be sold
  - taxes
- regulations from changing world organization initiatives and agreements
- changes in the dynamics of the industries and markets in which the Group operates
- varying and unpredictable customer needs and desires
- varying and unexpected actions of the Group's competitors
- labor disruptions
- changes in governmental debt relief and subsidy program policies in certain significant markets such as Brazil
- war, civil unrest, and terrorism

RISKS ASSOCIATED WITH THE DEMERGER OF ACTIVITIES FROM FIAT S.P.A. AND TRANSFER TO FIAT INDUSTRIAL S.P.A.

Under Italian law, following the Demerger, Fiat Industrial continues to be liable jointly with Fiat for liabilities of Fiat that arose prior to effectiveness of the Demerger and were still outstanding at that date. This statutory liability is limited to the value of the net assets attributed to Fiat Industrial in the Demerger and will survive until the liabilities of Fiat existing as of the Demerger will be satisfied in full. Furthermore, Fiat Industrial may be responsible jointly with Fiat in relation to tax liabilities, even if such liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. Such potential liabilities, like all other liabilities of Fiat Industrial, will be assumed by the company that becomes successor to Fiat Industrial following the Merger.

RISKS ASSOCIATED WITH PENDING LEGAL PROCEEDINGS

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, governmental investigations and other legal proceedings that arise in the ordinary course of its business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain and although such lawsuits are not expected individually to have a material adverse effect on the Group's financial position or its profitability, such lawsuits could have, in the aggregate, a material adverse effect on the Group's consolidated financial position, cash flows, results of operations or profitability.

Furthermore, the Group could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

RISKS ASSOCIATED WITH FINANCIAL SERVICES

Credit risk

Fundamental to any organization that extends credit is the credit risk associated with customers. The creditworthiness of each customer, rates of delinquency, repossessions and net losses on customer loans are impacted by many factors, including:

- relevant industry and general economic conditions
- the availability of capital
- changes in interest rates
- the experience and skills of the customer's management team
- commodity prices
- political events

- weather
- the value of the collateral securing the extension of credit

A deterioration in the quality of the Group's financial assets, an increase in delinquencies or a reduction in collateral recovery rates could have an adverse impact on the performance of the Group's financial services businesses. These risks become more acute in any economic slowdown or recession due to decreased demand for (or the availability of) credit, declining asset values, changes in government subsidies, reductions in collateral to loan balance ratios, and an increase in delinquencies, foreclosures and losses. In such circumstances, the Group's loan servicing and litigation costs may also increase. In addition, governments may pass laws, or implement regulations, that modify rights and obligations under existing agreements, or which prohibit or limit the exercise of contractual rights.

When loans default and the Group's financial services businesses repossess collateral securing the repayment of a loan, its ability to recover or mitigate losses by selling the collateral is subject to the market value of such collateral. Those values are affected by levels of new and used inventory of agricultural and construction equipment, as well as trucks and commercial vehicles, on the market. They are also dependent upon the strength or weakness of market demand for new and used agricultural and construction equipment, as well as trucks and commercial vehicles, which is affected by the strength of the general economy. In addition, repossessed collateral may be in poor condition, which would reduce its value. Finally, relative pricing of used equipment, compared with new equipment, can affect levels of market demand and the resale of repossessed equipment. An industry-wide decrease in demand for agricultural or construction equipment, as well as trucks and commercial vehicles, could result in lower resale values for repossessed equipment, which could increase losses on loans and leases, adversely affecting the Group's financial position and results of operations.

Funding risk

The Group's financial services business has traditionally relied upon the asset-backed securitization ("ABS") market and committed asset-backed facilities as a primary source of funding and liquidity. Access to funding at competitive rates is essential to the Group's financial services business. From mid-2007 through 2009, events occurred in the global financial market, including the weakened financial condition of several major financial institutions, problems related to subprime mortgages and other financial assets, the devaluation of various assets in secondary markets, the forced sale of asset-backed and other securities by certain investors, and the lowering of ratings on certain ABS transactions, which caused a significant reduction in liquidity in the secondary market for ABS transactions outstanding at such time and a significant increase in funding costs. During these periods, conditions in the ABS market adversely affected the Group's ability to sell receivables on a favorable or timely basis. Similar conditions in the future would have an adverse impact on the Group's financial position and results of operations. As the Group's financial services businesses finance a significant portion of the Group's sales of equipment, to the extent such financial services businesses are unable to access funding on acceptable terms, the Group's sales of equipment would be negatively impacted.

To maintain competitiveness in the capital markets and to promote the efficient use of various funding sources, additional reserve support has been added to certain previously-issued ABS transactions. Such optional support may be required to maintain credit ratings assigned to transactions if loss experiences are higher than anticipated. The need to provide additional reserve support could have an adverse effect on the Group's financial position, results of operations and cash flow.

Repurchase risk

In connection with the Group's ABS transactions, the Group makes customary representations and warranties regarding the assets being securitized, as disclosed in the related offering documents. While no recourse provisions exist that allow holders of asset-backed securities issued by the Group's trusts to require the Group to repurchase those securities, a breach of these representations and warranties could give rise to an obligation to repurchase non-conforming receivables from the trusts. Any future repurchases could have an adverse effect on the Group's financial position, results of operations and cash flow.

Regulatory risk

The operations of the Group's financial services businesses are subject, in certain instances, to supervision and regulation by various governmental authorities. These operations are also subject to various laws and judicial and administrative decisions and interpretations imposing requirements and restrictions, which among other things:

- regulate credit granting activities, including establishing licensing requirements
- establish maximum interest rates, finance and other charges
- regulate customers' insurance coverage
- require disclosure to customers
- govern secured and unsecured transactions
- set collection, foreclosure, repossession and claims handling procedures and other trade practices
- prohibit discrimination in the extension of credit and administration of loans
- regulate the use and reporting of information related to a borrower

To the extent that applicable laws are amended or construed differently, new laws are adopted to expand the scope of regulation imposed upon such financial services businesses, or applicable laws prohibit interest rates the Group charges from rising to a level commensurate with risk and market conditions, such events could adversely affect the Group's financial services businesses and the Group's financial position and results of operations.

RISKS ASSOCIATED WITH THE SIGNIFICANT OUTSTANDING INDEBTEDNESS OF THE GROUP

As of December 31, 2012, the Group had an aggregate of €20.6 billion (including €16 billion relating to financial services companies) of consolidated gross indebtedness, and its equity was €5.7 billion, including non-controlling interests.

The extent of the Group's indebtedness could have important consequences to its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes
- the Group may be more financially leveraged than some of its competitors, which could put it at a competitive disadvantage
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions or its business
- the Group may not be able to access the capital markets on favorable terms, which may adversely affect its ability to provide competitive retail and wholesale financing programs

These risks are exacerbated by current volatility in the financial markets resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the Eurozone.

Among the anticipated benefits of the Merger is the expected reduction in funding costs over time due to improved debt capital markets positioning of the combined entity. However, certain of the circumstances and risks described may delay or reduce the expected cost savings from the future funding structures and the expected cost savings may not be achieved in full or at all.

RISKS ASSOCIATED WITH COVENANTS IN THE GROUP'S DEBTS AGREEMENTS

The indentures governing certain of the Group's outstanding public indebtedness, and other credit agreements to which companies in the Group are a party, contain covenants that restrict the ability of companies in the Group to, among other things:

- incur additional debt
- make certain investments
- enter into certain types of transactions with affiliates
- sell certain assets or merge with or into other companies
- use assets as security in other transactions
- enter into sale and leaseback transactions

For more information regarding the Group's credit facilities and debt, refer to Note 27 to the Fiat Industrial Consolidated Financial Statements.

MAIN RISKS AND UNCERTAINTIES ASSOCIATED WITH THE FIAT INDUSTRIAL–CNH MERGER (THE "TRANSACTION")

RISKS ASSOCIATED WITH THE EXCHANGE RATIOS

The Exchange Ratios set out in the Merger Agreement will not be adjusted for changes in the value of CNH common shares or the value of Fiat Industrial ordinary shares, or for changes in the relative value of the businesses of CNH or Fiat Industrial. If the value of CNH common shares relative to the value of Fiat Industrial ordinary shares increases or decreases (or the value of CNH business increases or decreases relative to the value of the Fiat Industrial business) prior to the effectiveness of the Merger, the market value of the NewCo's common shares that shareholders receive in the Merger may be higher or lower than the then-current relative values of their shares.

RISKS ASSOCIATED WITH THE POTENTIAL OPPOSITION OF CREDITORS

Pursuant to Article 2503 of the Italian Civil Code, the Fiat Industrial Merger cannot take effect until sixty days after the last registration required under Article 2502-*bis*, without prejudice to all other forms of protection guaranteed to creditors under the Italian Civil Code.

RISKS ASSOCIATED WITH DIRECTORS AND EXECUTIVE OFFICERS OF FIAT INDUSTRIAL AND CNH HAVING INTERESTS IN RELATION TO THE TRANSACTION THAT MAY DIFFER FROM THOSE OF OTHER FIAT INDUSTRIAL OR CNH SHAREHOLDERS

Some of Fiat Industrial's directors who recommend that Fiat Industrial shareholders vote in favor of the Fiat Industrial Merger Plan and the transactions contemplated thereby, could express interests that may be different from those of other shareholders of Fiat Industrial and CNH. The receipt of compensation or other benefits in connection with the Merger may influence these persons in making their recommendation that Fiat Industrial shareholders vote in favor of approval of the Merger Plan and the transactions contemplated thereby. Some of Fiat Industrial's executive officers also have benefit arrangements that could result in them having an interest in the Mergers.

RISK ASSOCIATED WITH COSTS RELATED TO THE TRANSACTION

NewCo, Fiat Industrial and CNH have incurred, and expect to continue to incur, significant costs in connection with the Merger, including the fees of their respective professional advisors. In addition, Fiat Industrial may be obligated to pay in the aggregate up to €325,000,000 to shareholders that exercise statutory cash exit rights and to Fiat Industrial's creditors following their possible opposition to the Merger. NewCo, Fiat Industrial and CNH may incur unanticipated costs associated with the transaction and the listing of NewCo's common shares. Unanticipated costs may have an adverse impact on the results of operations of NewCo following the effectiveness of the Merger.

RISKS ASSOCIATED WITH THE HIGH-LOW VOTING STRUCTURE TO BE ADOPTED BY NEWCO

Fiat Industrial shareholders and CNH shareholders that are present or represented by proxy at the applicable extraordinary general meeting approving the Merger (regardless of how they vote) and continue to hold their Fiat Industrial ordinary shares and/or CNH common shares from the record date of the applicable extraordinary general meeting until the effectiveness of the Fiat Industrial Merger or the CNH Merger may elect to receive one special voting share in addition to each NewCo common share received in the Merger. In addition, following the Merger, persons who hold NewCo common shares for an uninterrupted period of at least three years may also elect to receive one special voting share in addition to each NewCo share held, provided that such shares have been registered in the Loyalty Register upon application by the relevant holder.

If Fiat Industrial and CNH shareholders holding a significant number of Fiat Industrial ordinary shares and/or CNH common shares elect to receive special voting shares in connection with the Merger or come to hold special voting shares after the Merger, or if NewCo shareholders holding a significant number of NewCo common shares for an uninterrupted period of at least three years elect to receive special voting shares, a relatively large proportion of the voting power in NewCo could be concentrated in some shareholders. Exor, which holds 30.01% of Fiat Industrial's share capital, confirmed its current intention to maintain voting rights in NewCo above the legal threshold for a mandatory tender offer (i.e., 30%).

RISKS ASSOCIATED WITH THE CONDITIONS PRECEDENT TO THE TRANSACTION

Pursuant to the merger agreement, following shareholder approval, the effectiveness of the Merger will be subject to satisfaction or (to the extent permissible by law) waiver of the merger conditions. Execution of each merger will also be conditional on completion of the other. As such, there can be no guarantee at this stage that the Transaction will actually take place. Following the approval of the Merger by the Fiat Industrial shareholders, in the event that Fiat Industrial or CNH considers waiving certain of the Merger conditions, shareholder approval of any such waiver may not be required or sought.

RISKS ASSOCIATED WITH AGREEMENTS THAT CONTAIN CHANGE OF CONTROL CLAUSES

Fiat Industrial and CNH are a party to joint ventures, supply agreements, license agreements, financing and other agreements and instruments, some of which contain provisions that may be triggered by the Merger, such as default provisions, termination provisions, acceleration provisions and/or mandatory repurchase provisions.

In addition, other agreements of Fiat Industrial and CNH may require the payment of fees in connection with the envisaged transaction. If Fiat Industrial or CNH is unable to obtain any necessary waiver or consent, the operation of the above provisions may cause the loss of significant contractual rights and benefits, the termination of joint venture agreements, supply agreements, licensing agreements or may require the renegotiation of financing agreements and/or the payment of significant fees. Investors cannot be assured that NewCo will be able to negotiate new agreements on terms as favorable as those that Fiat Industrial and CNH had, or at all.

RISKS ASSOCIATED WITH THE TAX IMPLICATIONS OF THE TRANSACTION

The tax implications of the transaction are under evaluation. The main tax risks arising from the Transaction are related to an exit tax issue and continuation of the tax consolidation in Italy.

The Merger is tax-neutral with respect to the Fiat Industrial S.p.A. assets that will remain connected with the Italian permanent establishment, but will result in the realization of capital gains or losses on those Fiat Industrial S.p.A. assets that are not connected with the Italian permanent establishment, giving rise to an exit tax. Under the proposed structure, only the Italian investments of Fiat Industrial S.p.A. will remain connected to an Italian permanent establishment.

As a consequence of the Transaction, a mandatory ruling request should be submitted to the Italian tax authorities in order to ensure continuity of the Fiscal Unit currently in place between Fiat Industrial and Fiat Industrial's Italian subsidiaries. It is possible that the carried-forward tax losses generated by the Fiscal Unit could not be used to offset any exit gain or the future taxable income of the Fiscal Unit. No deferred tax assets have been accrued in relation to the above carried-forward tax losses.

RESEARCH AND INNOVATION

In its research activities, Fiat Industrial Group maintains a constant focus on environmental, social and economic sustainability. For each business, that translates into developing production processes and products that are both eco-compatible and socially responsible – and a step ahead of constantly evolving regulatory standards. For products, in particular, the main areas of focus in research and innovation are reducing polluting emissions, assessing the potential of alternative propulsion systems and fuels, and improving ergonomics and safety.

In July 2012, Fiat Industrial and the European Investment Bank (EIB) signed an agreement for €350 million in funding for projects at five of the Group's R&D centers located in Italy (where 83% will be invested), Germany (8%) and Switzerland (9%). The primary goal of those projects is to develop solutions that improve the energy efficiency of vehicles and reduce CO_2 emissions, principally through:

- engine technologies and components that meet new emissions standards and application of those technologies on trucks, commercial vehicles, and agricultural equipment
- alternative fuel, transmission and engine technologies for commercial vehicles
- innovative vehicle architectures that optimize aerodynamic performance and reduce vehicle weight, with a particular emphasis on safety

During the year, the Group spent a total of €895 million on Research & Development(1) (equivalent to 3.6% of net revenues for Industrial Activities), with approximately 5,800 people at 49 R&D centers worldwide. At year-end, the Group had 6,488 active patents, including 887 new patents registered during the year.

Collaboration between the three sectors in the area of innovation was further strengthened in 2012 with the central objective being to increase the competitiveness of products and leverage synergies across the organization.

The Group also continued to benefit from the support of Centro Ricerche Fiat (CRF) – which remained part of Fiat Group following the demerger – with service agreements in place that ensure continuity of support for the Group's R&D activities. Development activities are primarily carried out at sector level.

COLLABORATION WITH CRF

Research activities are focused in three main areas: environmental sustainability, social sustainability and economically-sustainable competition.

(1) Includes capitalized R&D and R&D charged directly to the income statement

Environmental Sustainability

This area focuses on solutions to increase energy efficiency and reduce the environmental impact of vehicles over their entire life cycle (production to dismantling). Major developments in 2012 included:

- **Euro 6 diesel technologies for Light Commercial Vehicles (LCVs).** Between September 2014 and September 2016, new Euro 6 emissions standards will be phased in for LCVs in Europe, requiring further reductions in polluting emissions, particularly nitrogen oxides (NOx). During 2012, CRF conducted preliminary tests to evaluate the efficiency of various emissions conversion technologies. Those tests looked at methods for controlling the formation of pollutants inside the combustion chamber, as well as conversion of pollutants via a post-treatment system. The AdBlue-based Selective Catalytic Reduction (SCR) post-treatment system, already available on heavy duty vehicles for some time, is a technically viable solution for achieving Euro 6 emissions levels. However, the cost and complexity of integration with existing engine technologies still needs to be carefully evaluated. As a result, efforts have focused on evaluating other technologies such as Low Pressure EGR (exhaust gas recirculation) and NOx Storage Catalysts (NSC). It has been demonstrated that for LCVs also – in combination with an upgraded turbo-compressor – application of these two technologies on the F1A engines used in the Ducato and Daily is a viable solution for achieving Euro 6 emissions standards based on the New European Driving Cycle (NEDC). Further research and testing are necessary to determine which solution provides the best compromise between cost, efficiency and fuel economy.
- **Natural gas engines.** Alongside development of conventional engine technologies for commercial applications, during 2012 CRF also conducted an extensive evaluation of natural gas technologies (including existing technologies and others still under development) to assess their strengths and – for those technologies already used by FPT Industrial on Heavy Duty CNG engines – areas of improvement or sustainable alternative solutions. In its evaluation, CRF looked at all possible alternatives in terms of: combustion, fuel injection systems, exhaust gas post-treatment systems, and CNG/LNG storage systems. In parallel with that technical evaluation, it also conducted a technical and cost benchmark analysis of solutions

selected by competitors. The conclusions of the evaluation, also supported by several industry experts, confirmed FPT Industrial's selection as the winning solution: stoichiometric otto cycle combustion with multipoint indirect injection and exhaust gas post-treatment system with three-way catalyzer. In addition to the system's simplicity, it also provides the best compromise between cost and performance and benefits from the proven reliability of the sub-systems used and flexibility in potential application (from CNG minibuses, vans and tractors to CNG/LNG trucks and buses). The evaluation also highlighted areas for improvement correlated to heat management, as well as priorities for future innovation and pre-development of new CNG heavy duty engines.

- **100% bioethanol propulsion.** In collaboration with CNH, CRF developed two prototype bioethanol engines for major sugar and ethanol producers in Brazil. Bioethanol has been widely used in Brazil for some time without negative impacts on the food chain and, as such, qualifies as a renewable energy source. From well to wheel, bioethanol produces 50% less greenhouse gases than traditional fuels. In addition, when used at source, it is mileage neutral and can generate estimated savings of at least 50% compared with diesel. The two prototype bioethanol engines are: a 243 kW Cursor 8, based on the CNG version, for application on sugar cane harvesters, and a 243 kW Cursor 9, based on the diesel version, for application on the CCH tractor used for cut crop harvesting. Testing of the bioethanol Cursor 8 on a sugar cane harvester began in mid-2012. The first phase of more than 400 hours of tests demonstrated the prototype's viability in terms of environmental performance and utilization of local sources of renewable energy. Development will continue during 2013 and will be extended to include field testing of the prototype engine for the CCH tractor.
- **Biomethane/bioethanol engine for tractors.** During 2012, the CNG-powered "S" Series F1C engine (136 hp, 350 Nm) continued to prove its flexibility in use with alternative fuels. Alongside the natural gas only, natural gas/gasoline and prototype natural gas/hydrogen versions for automotive applications, a natural gas/ethanol version was also developed for application on CNH tractors. Due to a redesigned combustion chamber, the prototype version is capable of delivering

optimum performance whether running on natural gas or ethanol. The compression ratio was also reduced with minimal impact on fuel efficiency when operating on natural gas only. The other area of development was a biomethane (gas)/bioethanol (liquid) system, which introduces an innovative solution for heating the fuel rail that resolves issues with cold starts typical with ethanol. Operating on biomethane or bioethanol, the engine meets the most stringent emissions limits – such as the EEV (Enhanced Environmentally-friendly Vehicle) standards – using a simple three-way catalyzer. At the same time, well-to-wheel CO_2 emissions are between 50% and 100% lower than versions using conventional fossil fuels, giving this engine the potential to be the cleanest and most versatile in the product range. The final stage of development will be a pilot program that includes field testing of the biomethane/bioethanol F1C engine on a series of prototype tractors and construction of a biofuel production plant to achieve a complete virtuous circle, with negligible environmental impact and an attractive cost/return ratio.

- **CNG Steyr tractor.** CRF and CNH continued development and began field testing of the prototype CNG Steyr tractor presented at Agritechnica 2011 in Hanover. The prototype is equipped with the 136 hp, 3000 cc 4-cylinder CNG F1C originally developed by FPT Industrial for light commercial vehicles such as the Iveco Daily Natural Power and Fiat Ducato Natural Power. CRF carried out major software upgrades on the engine control unit to enable higher torque at lower speeds. This improves performance in agricultural applications, where conditions often require sudden changes in direction, such as when shoveling/unloading with the front scoop.

  Field testing began at the CNR facility in Italy during the summer and then continued at the CNH facility in St. Valentin, Austria. The prototype was also tested on-site by a local agricultural producer – with facilities to produce biomethane via anaerobic digestion and purification of organic waste – providing the opportunity to verify reliability of the engine in real conditions when operating on biomethane. In addition, data capture of the prototype's principal operating characteristics

during testing enabled a comprehensive evaluation of efficiency and fuel consumption levels. The data showed that, operating on 100% biomethane, the tractor can achieve average savings in fuel costs of between 25% and 40% compared with a conventional diesel engine.

- **Daily hybrid Dual Energy concept.** Iveco and CRF worked on the development and construction of a concept vehicle – presented at the IAA Commercial Vehicle Trade Show in Hanover – featuring a number of innovative technologies that enhance fuel economy, comfort and functionality. The vehicle is based on a Daily van with a hybrid Iveco Dual Energy system incorporating an electric motor and a Euro 5 F1C diesel engine. CRF was involved in development of the dual-circuit cooling system: a high-temperature circuit for the diesel engine and a low-temperature circuit for the electric motor, inverter and battery pack. The vehicle also incorporates an innovative aerodynamic underbody panel that functions as a heat exchanger, contributing to dissipation of thermal energy from the low-temperature circuit. This concept vehicle will be developed into a working prototype during 2013.
- **Advanced Temperature Management Systems.** During 2012, CRF worked with CNH on development of a prototype T7000 series agricultural tractor with a dual-circuit cooling system. A high-temperature circuit is used to cool the engine and a low-temperature circuit cools the condenser, intercooler and hydraulic oil radiator. This system improves overall performance of the tractor (including fuel economy) and provides easier maintenance as both radiators use the same technology, versus the current system of three heat exchangers based on different technologies. The prototype was designed using components that are already available.
  A similar dual-circuit cooling system was developed for Iveco, as part of its "Next Generation Thermal Systems" innovation project. This system simplifies the forward thermal module consisting of two radiators (high-temperature and low-temperature) and enables more compact and efficient design of on-board systems, such as air intake and climate control. The new low-temperature radiator has a large heat exchange surface area, shared with multiple auxiliary systems, which

provides more efficient heat dissipation, requiring less frequent activation of the cooling fan and, as a result, improved fuel economy. In relation to the EU-funded COmplete Vehicle Energy-saving Technologies for Heavy-Trucks (CONVENIENT) project, development activities will focus on integration of the dual-circuit cooling system with a new full-hybrid diesel/electric propulsion system.

- **Iveco's Next Generation Auxiliaries Project.** During the year, CRF continued work on another project for Iveco that uses electric auxiliary systems to improve fuel efficiency for heavy trucks. A 500 hp Iveco Eco-Stralis EEV was used as the test platform. One of the vehicle's key features is a system that recovers kinetic energy generated during braking for use in powering auxiliary systems. The vehicle has also been fitted with a high-capacity lithium battery pack that can power the vehicle's climate control system independently for up to around 8 hours (during a driver's rest break, for example). An innovative electro-hydraulic servo is also in development. Activities in 2013 include testing with dynamometer and on-road to evaluate fuel consumption under actual operating conditions.
- **Driving Style Evaluation.** At an equivalent average commercial speed, adopting a more efficient and eco-friendly driving style can achieve fuel savings of 5% to 12%. During 2012, CRF completed development and testing of the Driving Style Evaluation system, which was designed to help drivers of trucks and other commercial vehicles optimize fuel consumption by giving them real-time feedback on their driving style.
  Algorithms were developed to analyze data available from the propulsion system, vehicle and GPS and, using the dashboard display, present the driver with i) an overall evaluation of driving style and its impact on fuel consumption, and ii) tips on how to reduce consumption.
  Used in conjunction with Iveconnet Fleet, the Driving Style Evaluation system also enables remote evaluation of individual drivers in a fleet. This system was introduced on the new Stralis Hi-Way launched in 2012.

Social Sustainability

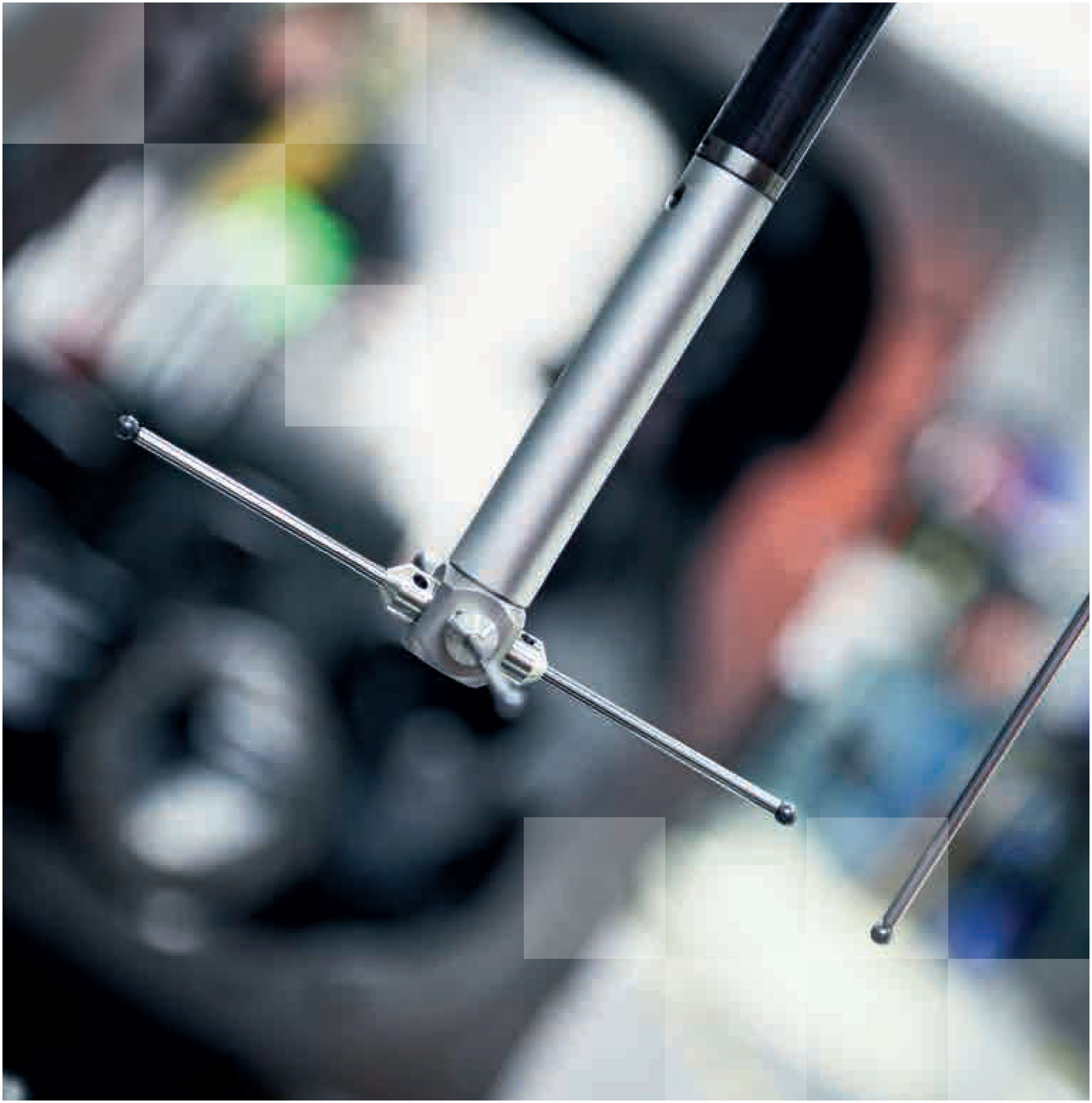
This area focuses on solutions to enhance accident prevention capabilities through systems that recognize potentially dangerous situations and assist the driver in taking evasive action, as well as ensuring maximum protection for the vehicle occupants and other road users in the event of an accident.

- **Driver Attention Support for trucks.** Fatigue, drowsiness and, in general, an inadequate level of attention to the road are among the principal causes of road accidents and represent one of the greatest risks for truck drivers. During 2012, CRF, in collaboration with Iveco, completed development and production ramp up of the Driver Attention Support system for trucks, contributing to the validation and final approval process for the software that is integrated with the Iveconnet Drive system on-board the new Iveco Stralis Hi-Way. Based principally on an analysis of steering wheel movement, the system alerts the driver when behavior indicates a decrease in level of attention and, if appropriate, even prompts the driver to take a rest break. The Driver Attention Support system helps improve safety for the driver, other road users, the vehicle and the freight being transported.

Economically-sustainable competition

This area focuses on solutions to increase the competitiveness of new products through enhancements in performance and functionality and a reduction in the time required to bring new technologies to market.

- **New front suspension for APL tractor.** One of the main drivers in the development of agricultural tractors over the next few years will be solutions to increase productivity. For the next generation of models, increasing road speeds to 60 km/h and reducing operator fatigue will be essential features. This will require a front suspension that offers stability, drivability and comfort on the road, under all conditions, without compromising productivity and handling in the field. During 2012, CRF fitted a tractor from CNH's All Purpose Light range with a heavy duty front axle and independent wishbone suspension that was conceived, designed and patented by CRF. The hydro-pneumatic system that controls the suspension allows a high level maneuverability when the tractor is operating in the field and active damping of the front suspension when operating on-road, combined with an advanced auto-leveling system that adjusts the position and rigidity of the suspension based on the load on the front axle. Development activities were carried out in direct collaboration with the team responsible for the APL platform to ensure viable solutions that are compatible with mass production, from both a technical and cost perspective.
- **Simulation of a cataphoresis process.** To help reduce time and costs associated with testing and improve the corrosion resistance of Iveco products, CRF has developed an innovative methodology for simulating the cataphoresis coating process for vehicle cabins and chassis. Computer-aided engineering tools are used to simulate the entire electrodeposition process. By using the Finite Element Method to model the vehicle body immersed in an electro-cataphoric bath, taking into account the specific characteristics of the coating material, it is possible to map the effective distribution of the coating. This analysis reveals areas susceptible to uneven distribution, necessitating the introduction of slots in the design that will improve distribution of the protective coating, without compromising the integrity of the structure. This methodology contributes to optimization of the production process and results in cost savings. Iveco will utilize this process for development of the 2014 model year Daily.



HUMAN RESOURCES

At December 31, 2012, Fiat Industrial Group had 68,257 employees, an increase of 1,259 over the 66,998 figure at year-end 2011. The change was partially attributable to the difference between new hires (approximately 8,100) and departures (approximately 7,150) during the year. The change in scope of operations accounted for an increase of around 300 employees, of which about 170 was attributable to the consolidation – from January 1, 2012 – of Iveco dealers acquired in France during 2011. The remaining increase over year-end 2011 was mainly due to net new hiring of white-collar employees, primarily in R&D (approx. 600 people), as well as in India and China, and in the brand/commercial activities. At CNH, manufacturing also registered an increase, particularly for the Agricultural Equipment business, both in Europe and in North America. Those increases were partially offset by a decrease in manufacturing employees at Iveco both in Latin America, mainly associated with weaker market conditions and affecting temporary workers, and in Europe, following the restructuring announced in May.

ORGANIZATIONAL AND MANAGERIAL DEVELOPMENT

With the objective of enhancing the operational integration of Fiat Industrial S.p.A. and CNH Global N.V., in November 2012 Fiat Industrial S.p.A. announced the formation of the Group Executive Council ("GEC") and the creation of four Regional Chief Operating Officers who, together with the Chief Financial Officer, all report to a Group Chief Operating Officer.

The Group Executive Council is the Group's highest executive decision making body outside of its Board of Directors. It is responsible for reviewing the operating performance of the businesses, setting performance targets, making key strategic decisions and investments for the Group and sharing best practices, including the development and deployment of key human resources.

The GEC has four main groupings:

- The first is composed of four Regional Operating Groups (NAFTA, Europe, Middle East and Africa, Latin America, and APAC) integrating Agricultural Equipment, Construction Equipment, and Truck and Commercial Vehicles businesses, plus Powertrain (FPT Industrial). Each is the responsibility of a Chief Operating Officer (COO), who will drive the organization via a regional management team.
- The second grouping is reflective of the Group's focus and emphasis on its brands (Case IH, New Holland Agriculture, Case Construction Equipment, New Holland Construction, Iveco, Parts & Service). Each of the global brands is represented in the GEC, and their responsibility will be to improve and develop an appropriate brand portfolio and to assist in the development of adequate commercial and marketing strategies in each of the Group's operating regions.

- The third group is composed of industrial leaders, who drive consistency and rigor across the operating regions, and optimize the capital allocation choices the Group will face in the years to come.
- The final group is composed of support and corporate functions.

During 2012, Fiat Industrial Group strengthened the HR Global System through SAP HR, an integrated tool that supports the main global HR processes of PLM, Variable Pay and Salary Alignment as a single global reporting system with full personnel data.

Specific features have been developed to enhance:

- Quality of personnel administration data and significant update activities conducted by HR Shared Services
- Functionality of the SAP HR portal for use by managers
- Functionality of the SAP HR portal for use by employees, particularly introduction of a new module for CVs

Significant improvements were also made to other systems, such as the Talent Management tool with the addition of new online features that minimize the need to print documents for use in Management Review and Talent Review sessions.

In terms of coordination of the principal corporate processes, in 2012 Fiat Industrial continued the approach adopted after the demerger from Fiat S.p.A. With the support of a lean team of cross-company specialists, this approach takes into account the needs and priorities of each Group company, leveraging best practice and expertise group-wide. Management of most processes is decentralized, while some administrative services are still provided by Fiat S.p.A. on the basis of service agreements.

The Performance and Leadership Management process, which has been in place for managers and professionals for a number of years, continues to serve as the basis for personnel management decisions, together with the Talent Review process, which enables early identification of high-potential individuals, as well as charting of their professional development.

Training

Investment in training to support Fiat Industrial's business activities and the professional development of employees totaled around €15.2 million for the year. About 1.4 million hours of training were provided, including 66,165 hours of web-based distance learning.

Grants and Scholarships

In 2012, Fiat Industrial Group took part in the Fiat Grant and Scholarship Program for children of employees in Italy and abroad.

A total of 174 grants and scholarships were awarded (31 in Italy), totaling approximately €308,000. Recipients were located in Italy, as well as other countries where the Group has a significant presence including the UK, Poland, France, Belgium, Spain, Portugal, U.S., Mexico, Brazil, Argentina, China, Australia and India.

INDUSTRIAL RELATIONS

During 2012, Fiat Industrial continued to work with trade unions and employee representatives to reach consensus-based solutions for managing conditions in various markets. Continued economic difficulties in Europe affected Iveco and the CNH Construction Equipment businesses in several countries and weaker demand also had negative repercussions for Iveco's business in Latin America. By contrast, conditions were favorable for the Agricultural Equipment business overall and for the Construction Equipment business in North America due to a modest recovery in demand.

FPT Industrial was also affected by changing market conditions, with Group and external customers experiencing fluctuations in production levels that varied by geographic market and business line.

Intensive collective bargaining at various levels resulted in, among other things, agreements with trade unions on pay and employment conditions in various countries where Fiat Industrial Group operates.

Social dialogue

In November 2012, the members of the Special Negotiating Body (SNB) of Fiat Industrial (despite the validity of its composition not yet being formalized) participated in a training course provided by the European Trade Union Institute (ETUI), as agreed at the meeting held with the Company on December 16, 2011. The purpose of the course was to provide in-depth information on the role and tasks of European Works Councils (EWCs), as established by EC Directive 2009/38/EC. Just prior to year-end, the Company was forced to postpone the first negotiating meeting between management and the SNB, planned for January 23, 2013, as two members of the SNB had declined the invitation and IndustriAll (the European Union of Metal, Chemical and Textiles workers) withdrew availability of the expert nominated by the SNB in light of FIOM being excluded from designating representatives to the Special Negotiating Body.

In Italy, dialogue continued on the basis of the new rules defined by the signatories to the Collective Labor Agreement (CLA) of December 13, 2011, which took effect January 1, 2012. Those rules relate to both the relational system and mechanisms to address production needs. With reference to the latter, varied solutions have been implemented from plant to plant by applying the more flexible system of shifts and working hours established by the CLA, thereby improving the Company's ability to respond to changes in production requirements.

Management of production levels

Production stoppages continued to be necessary in 2012 due to the instability of production volumes in several countries. In Italy, the use of temporary layoff benefits (CIGO) increased for FPT Industrial, but was down over 2011 levels for both CNH and Iveco. At the Iveco plant in Brescia, the agreement allowing for a reduction in hours worked per week for all plant workers – in accordance with the Solidarity Contract legislation – was extended for a further year until August 21, 2013, through an agreement with the unions that are signatories to the CLA.

Production stoppages through temporary layoff benefit schemes increased in France, mainly for FPT Industrial, and in Germany for the Iveco plant in Ulm. In Spain, the utilization of temporary layoff benefits was also quite extensive in 2012. However, following the transfer of production from Ulm, stoppages were discontinued at the Madrid plant in the latter part of the year. In Latin America, the number of temporary workers was reduced at Iveco, while extensive use of overtime was employed by FPT Industrial in Brazil, mainly associated with the transfer of production of the Cursor and NEF engines to Cordoba. Higher market demand for the Agricultural Equipment business and increased volumes for Construction Equipment products in the U.S. were met through the use of overtime and increased employment levels. Meanwhile, flexible work-time agreements were applied to meet fluctuations in production requirements at several Iveco plants (in Australia, Argentina, China, the Czech Republic and Venezuela), as well as the FPT Industrial plant in China and the CNH plant in Poland.

In May 2012, Iveco announced a restructuring of its manufacturing activities in Europe aimed at improving efficiency and competitiveness. Creation of a fire-fighting center of excellence in Ulm was designed to overcome the structural underutilization and fragmentation of Iveco's activities in this business area. Production located at Iveco's other fire-fighting plants in Graz (Austria), Chambéry (France) and Görlitz and Weisweil (Germany) was scheduled to progressively converge in Ulm. The difficult trading conditions that persist in the European truck market made the underutilization of the Ulm Heavy Commercial Vehicles (HCV) plant no longer sustainable. As a result, Iveco reorganized HCV production in Europe and, as of September, moved production from Ulm to its plant in Madrid. The R&D center and testing facilities located in Ulm were not impacted by the reorganization and existing know-how will be applied to product development for both trucks and fire-fighting equipment. In order to minimize the social impact, social plans and plans to manage the restructuring were agreed upon with local unions and employee representatives, in compliance with the laws, regulations and procedures applicable in each country. The agreements were signed in the third quarter at Iveco Magirus AG (Ulm) and at Iveco Magirus Brandschutztechnik GmbH (Graz). At Iveco Magirus Brandschutztechnik GmbH (Weisweil) and at Iveco Magirus Camiva (Chambéry), agreements were reached during the fourth quarter, while for Iveco Magirus Brandschutztechnik GmbH (Görlitz), a buy-out solution was pursued and the related agreement was signed in late November for a change in ownership effective January 1, 2013. No significant restructuring or reorganization initiatives were implemented in other countries during the year.

Collective bargaining

In Italy, on October 11, 2012, negotiations were initiated to renew the December 13, 2011 CLA, which had a duration of one year commencing January 1, 2012. During this first meeting, an agreement was signed to introduce a basic health care plan for all Fiat Group and Fiat Industrial Group employees in Italy at the sole expense of the employer. The plan includes provision of long-term care in the event of loss of self-sufficiency, as well as screening and testing for cardiovascular diseases and metabolic syndrome. As of February 20, 2013, negotiations for renewal of the CLA were still ongoing.

The principal negotiations in 2012 relating to company-level agreements included: the annual negotiation in France, which resulted in average salary increases of around 2.5% and, for Iveco and CNH, deals on the criteria for the 2012 profit sharing agreement; a collective agreement covering wage and employment conditions stipulated at Company level with the union representative of employees from Iveco Czech Republic; agreements in Brazil for pay increases based on domestic economic growth and in line with increases for the rest of industrial sector in Brazil, as well as one-off bonuses. In Germany, the agreement for renewal of the metalworkers' contract, applied by most Group companies, provided for salary increases of 4.3% from May 2012 for a period of 13 months.

Labor unrest

In terms of hours of work lost, the level of labor unrest in Italy was only about 15% of the level registered in 2011. Outside Italy, the overall level of labor unrest during the year was negligible. There was labor action in Germany and France at sites affected by the Iveco restructuring before agreements on management of the restructuring had been reached.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TRAINING CENTERS MAP

FINANCIAL REVIEW – FIAT INDUSTRIAL GROUP

INTRODUCTION

Fiat Industrial Group was created on January 1, 2011 through the demerger of the capital goods activities of Fiat S.p.A. The Group produces and sells agricultural and construction equipment, trucks and commercial vehicles, as well as engines and transmissions for industrial and marine applications.

Principal changes in the scope of consolidation in 2012

- Since January 1, 2012, the Group has consolidated the profit and loss of Iveco Finance Holdings Limited (renamed Iveco Capital Limited in 2012) on a line-by-line basis. The balance sheet was fully consolidated on December 31, 2011, following the agreement for orderly termination of the joint venture. Iveco Capital Limited became a wholly-owned subsidiary in May 2012 following acquisition of the remaining 51% from Barclays.
- Since January 1, 2012, the Group has fully consolidated Iveco Provence, an Iveco dealer in which a 100% interest was acquired during the second quarter of 2011. In the 2011 consolidated financial statements, the holding was accounted for using the equity method.

For completeness of information, in December 2012, CNH sold its 20% stake in Kobelco Construction Machinery Co., Ltd., an associate company previously accounted for using the equity method.

FINANCIAL REVIEW

Operating Performance

(€ million)	2012	2011
Net revenues	25,785	24,289
Cost of sales	20,925	20,038
Selling, general and administrative costs	2,183	2,002
Research and development costs	560	505
Other income/(expenses)	(38)	(58)
TRADING PROFIT/(LOSS)	2,079	1,686
Gains/(losses) on disposal of investments	(38)	26
Restructuring costs	166	95
Other unusual income/(expenses)	(13)	12
OPERATING PROFIT/(LOSS)	1,862	1,629
Financial income/(expenses)	(458)	(546)
Result from investments	81	86
Share of profit/(loss) of investees accounted for using the equity method	86	97
Other income/(expense) from investments	(5)	(11)
PROFIT/(LOSS) BEFORE TAXES	1,485	1,169
Income taxes	564	468
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	921	701
Profit/(loss) from discontinued operations	-	-
PROFIT/(LOSS)	921	701
PROFIT/(LOSS) ATTRIBUTABLE TO:		
Owners of the parent	810	624
Non-controlling interests	111	77

The following review provides an analysis of net revenues and trading profit by individual sector. Comments on other line items relate to the Group as a whole.

Net revenues

The Group reported 2012 **revenues** up 6.2% to €25,785 million, as continued robust performance for CNH more than compensated for weaker trading conditions in other businesses. CNH reported substantial growth in the Agricultural Equipment business driven by increased volumes, positive net pricing, and favorable product mix. Iveco posted a decline in deliveries, reflecting a further deterioration in economic conditions in several major European markets and weaker demand in Latin America. For FPT Industrial, sales volumes were down as a result of the contraction in demand for diesel engines for on-road applications.

Revenues by sector

(€ million)	2012	2011	% change
Agricultural and Construction Equipment (CNH)	16,056	13,896	15.5
Trucks and Commercial Vehicles (Iveco)	8,924	9,562	-6.7
FPT Industrial	2,933	3,220	-8.9
Eliminations and Other	(2,128)	(2,389)	-
Total for the Group	25,785	24,289	6.2

In detail, revenue performance by sector was as follows:

Agricultural and Construction Equipment

CNH reported revenues of €16,056 million for the year, up 15.5% over 2011 (+6.7% in US dollar terms), as solid global demand for Agricultural Equipment more than offset the negative effects of more difficult trading conditions in the Construction Equipment segment. By geographic area, revenues for both Agricultural and Construction Equipment were as follows: 44% North America, 31% Europe, Africa, Middle East and the Commonwealth of Independent States (EAME & CIS), 15% Latin America, and 10% Asia Pacific (APAC) markets.

Net sales for the Agricultural Equipment business were up 20% over 2011 (+10% in US dollar terms), driven by increased volumes, positive net pricing, and favorable product mix. All geographic regions reported revenue increases on a constant currency basis. For the Construction Equipment business, net sales increased 6%; in US dollar terms sales decreased 3%, as modest industry recovery in North America and Eastern Europe did not offset the continued slowdown in demand in other regions.

Worldwide agricultural equipment market share performance was in line with the market for both tractors and combines. CNH's worldwide construction equipment market share was stable, with gains in Latin America.

Trucks and Commercial Vehicles

Iveco posted full-year revenues of €8,924 million, a 6.7% decrease over the prior year. Volume declines, attributable to further deterioration in economic conditions in several major European markets and weaker demand in Latin America, were partially offset by a more favorable product mix.

A total of 137,028 vehicles (including buses and special vehicles) were delivered during the year, representing a 10.7% decrease versus 2011. Volumes were lower in all segments, with deliveries of light vehicles down 11.8%, medium down 21.6% and heavy down 6.0%. In Western Europe, Iveco delivered a total of 69,414 vehicles (-21.1%), with declines registered in all major markets: Germany -16.1%, France -17.7%, Spain -24.3%, Italy -37.1% and the UK -15.3%. In Latin America, deliveries were down 21.8%. In Eastern Europe, performance ran counter to the trend in Western Europe with deliveries up 21.9% over the prior year. In Rest of World markets, Iveco posted a 36.4% year-over-year increase.

The Western European truck market (GVW ≥3.5 tons) contracted 7.4% in 2012, with trading conditions deteriorating throughout the year. Southern Europe experienced the largest decrease with the gap between Northern and Southern European markets continuing to widen. Iveco's estimated market share in Western Europe (GVW ≥3.5 tons) was 11.3%, representing a 0.8 percentage point decrease versus 2011. Although overall share in Italy was up 2.1 percentage points to 33.1%, the gain was not sufficient to offset share losses in other major markets. In the light segment, share was down 1.3 percentage points to 11.7% (-0.7 p.p. assuming comparable market mix), primarily due to the crisis in the construction sector and the continuing shift in demand toward car-based models. In the medium segment, Iveco's overall share was down 0.8 percentage points to 22.8% (-0.1 p.p. assuming comparable market mix), despite gains being achieved in several markets. Share of the European heavy segment was up 0.2 percentage points to 7.5% (+0.8 p.p. assuming comparable market mix) on the back of positive performance across markets.

In Latin America, demand for trucks (GVW ≥3.5 tons) was down 14.3%. Iveco registered an 11.6% share (+0.1 p.p. versus 2011) and strengthened its leadership in the light segment in Brazil, with share up 5.3 percentage points to 25.6%.

FPT Industrial

FPT Industrial reported 2012 revenues of €2,933 million, down 8.9% over the prior year due to lower volumes to both Group companies and external customers. For 2012, sales to external customers accounted for 34% of total revenues, up from 33% in 2011.

A total of 476,786 engines were sold during the year, down 15% over 2011. By major customer, 31% of engines were supplied to Iveco, 27% to CNH and the remaining 42% to external customers (including Sevel, the Fiat JV for light commercial vehicles, which accounted for 24%). In addition, FPT Industrial delivered 64,154 transmissions (-14% year-over-year) and 154,958 axles (-9%).

Trading profit/(loss)

Trading profit came in at €2,079 million for full-year 2012, an increase of €393 million (+23.3%) over €1,686 million in 2011. Group trading margin was higher at 8.1% (6.9% for 2011), with both CNH and FPT Industrial posting strong gains and Iveco maintaining a comparable trading margin despite the decrease in delivery volumes.

Trading profit/(loss) by sector

(€ million)	2012	2011	Change
Agricultural and Construction Equipment (CNH)	1,566	1,154	412
Trucks and Commercial Vehicles (Iveco)	469	490	-21
FPT Industrial	142	107	35
Eliminations and Other	(98)	(65)	-33
Total for the Group	2,079	1,686	393
Trading margin (%)	8.1	6.9	

In detail, trading profit by sector was as follows:

Agricultural and Construction Equipment

CNH recorded a strong performance, with trading profit increasing 36% to €1,566 million for the year (€1,154 million for 2011) and trading margin at 9.8% (8.3% for 2011). Increased volumes and positive net pricing in both businesses compensated for increases in SG&A expenditures and R&D expense, primarily related to significant investments in new products and Tier 4 engine emissions compliance programs.

Trucks and Commercial Vehicles

Iveco closed the year with a trading profit of €469 million (€490 million for 2011). The decrease over the prior year, which was primarily attributable to lower volumes, was largely offset by benefits deriving from cost reduction measures. Trading margin was slightly up over the prior year at 5.3% (5.1% for 2011).

FPT Industrial

FPT Industrial reported trading profit of €142 million, compared with €107 million for 2011. Despite the contraction in volumes, there was a significant improvement in trading margin (+1.5 p.p. to 4.8%) resulting from efficiencies achieved during the year and the absence of the one-off costs recognized in 2011 in relation to production start-ups.

Operating profit/(loss)

Operating profit was €1,862 million for the year, an increase of €233 million over 2011 (€1,629 million). The €393 million increase in trading profit was partially offset by higher net unusual expenses (€217 million versus €57 million for 2011).

Net losses on disposals totaled €38 million for 2012 and relates to the sale of the 20% stake in Kobelco Construction Machinery Co., Ltd. For 2011, there was a net gain of €26 million, of which €25 million related to the accounting effects of the acquisition of the remaining 50% in the joint venture L&T - Case Equipment Private Limited.

Restructuring costs totaled €166 million, compared with €95 million in 2011. For both years, those costs mainly related to the Trucks and Commercial Vehicles sector. In 2011, restructuring costs recognized by Iveco were principally related to the closure of two bus assembly plants (one in Spain and the other in Italy). In 2012, those costs were essentially attributable to the reorganization of Iveco's manufacturing activities in Europe – specifically, concentration of heavy truck production at the plant in Madrid (which already produced heavy trucks) and termination of those activities in Ulm. At the same time, production of fire-fighting equipment at four other European plants, where it was the sole activity, was transferred to Ulm.

Other unusual expenses (net) of €13 million, mainly reflecting costs for the rationalization of strategic suppliers. In 2011, there was other unusual income of €12 million, mainly arising from the release to income of a provision for risks no longer existing in connection with a minor investee.

Following is a summary of the principal components of operating profit, by sector:

	Trading profit/(loss)		Gains/(losses) on disposal of investments		Restructuring costs		Other unusual income/(expenses)		Operating profit/(loss)	
(€ million)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Agricultural and Construction Equipment (CNH)	1,566	1,154	(38)	25	(1)	(2)	-	-	1,529	1,181
Trucks and Commercial Vehicles (Iveco)	469	490	-	2	167	95	(14)	11	288	408
FPT Industrial	142	107	-	-	-	2	-	1	142	106
Eliminations and Other	(98)	(65)	-	(1)	-	-	1	-	(97)	(66)
Total for the Group	2,079	1,686	(38)	26	166	95	(13)	12	1,862	1,629

Profit/(loss) for the year

Net financial expenses totaled €458 million, compared with €546 million for 2011. The improvement was primarily attributable to a reduction in funding costs and lower foreign exchange losses.

Result from investments totaled €81 million, slightly down from €86 million for 2011 mainly due to lower earnings for joint venture companies.

Profit before taxes was €1,485 million, compared with €1,169 million for 2011. The increase primarily reflects the €233 million improvement in operating profit and the €88 million decrease in net financial expenses.

Income taxes totaled €564 million (€468 million for 2011) and mainly related to taxable income of companies operating outside Italy. The effective tax rate of 38% (36% excluding current and deferred IRAP) was in line with expectations.

Net profit was €921 million, up 31% over the €701 million profit for 2011.

Profit attributable to owners of the parent was €810 million (€624 million for 2011).

Statement of Cash Flows

Following is a summary statement of cash flows and related comments. A complete statement of cash flows is provided in the Consolidated Financial Statements.

(€ million)	2012	2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,639	3,686
B) CASH FROM/(USED IN) OPERATING ACTIVITIES	1,698	2,326
C) CASH FROM/(USED IN) INVESTING ACTIVITIES	(2,974)	(2,266)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES	327	1,862
Currency translation differences	(79)	31
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,028)	1,953
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,611	5,639

In 2012, **operating activities** generated €1,698 million in cash. Income-related cash inflows of €1,912 million (calculated as net profit plus amortization and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments and operating leases, net of gains/losses on disposals and other non-cash items) were partially offset by a €214 million increase in working capital (based on a comparable scope of operations and constant exchange rates).

Cash used in **investing activities** totaled €2,974 million.

Expenditure on tangible and intangible assets (including €533 million in capitalized development costs) totaled €1,349 million.

The increase in receivables from financing activities (accounting for cash absorption of €1,749 million) primarily related to higher levels of financing provided by CNH to both dealers and customers.

Financing activities generated €327 million in cash in 2012. The €584 million in cash proceeds from new bond issues and increased utilization of available credit lines were partially absorbed by €480 million in dividend payments and the repayment by Iveco Capital to Barclays Group of debt outstanding at December 31, 2011.

Statement of Financial Position for Fiat Industrial Group at December 31, 2012

At December 31, 2012, **total assets** amounted to €38,937 million, increasing €294 million from the €38,643 million figure at year-end 2011.

Non-current assets totaled €11,241 million, an increase of €549 million over year-end 2011, primarily attributable to investments for the period (net of amortization/depreciation).

Current assets decreased €265 million to €27,671 million at year-end 2012. The decrease was primarily attributable to a €1,092 million reduction in liquidity and lower current tax receivables, which were partially offset by an increase in receivables from financing activities.

Receivables from financing activities totaled €15,237 million at December 31, 2012, representing an increase of €1,291 million over year-end 2011. Net of currency translation differences and write-downs, there was a €1,584 million increase principally relating to the increase in financing provided to CNH customers in the U.S., Iveco dealers in Europe and CNH dealers in the U.S. and Brazil.

Working capital (net of items relating to vehicles sold under buy-back commitments and vehicles no longer subject to lease agreements that are held in inventory) was a positive €875 million, representing a €76 million increase for the year.

(€ million)		At December 31, 2012	At December 31, 2011	Change
Inventory	(a)	**4,673**	4,723	(50)
Trade receivables		**1,436**	1,562	(126)
Trade payables		**(4,843)**	(5,052)	209
Net Current Taxes Receivable/(Payable) & Other Current Receivables/(Payables)	(b)	**(391)**	(434)	43
Working capital		**875**	**799**	**76**

(a) Inventory is reported net of vehicles held for sale by Iveco that have been bought back (under buy-back commitments) or returned following expiry of a lease agreement

(b) Other current payables, included under current taxes receivable/(payable) & other current receivables/(payables), are stated net of amounts due to customers in relation to vehicles sold under buy-back commitments, which consist of the repurchase amount payable at the end of the lease period, together with the value of any lease installments received in advance. The value at the beginning of the contract period, equivalent to the difference between the sale price and the repurchase amount, is recognized on a straight-line basis over the contract period

At December 31, 2012, trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse – and, therefore, eliminated from the statement of financial position pursuant to the derecognition requirements of IAS 39 – totaled €763 million (€980 million at December 31, 2011).

Working capital increased €214 million over the year (on a comparable scope of operations and at constant exchange rates), principally due to the slowdown in business activity for Iveco in Latin America and Europe.

At December 31, 2012, consolidated **net debt** totaled €15,994 million, up €1,445 million over the €14,549 million figure at December 31, 2011. Excluding positive currency translation differences of approximately €258 million, cash from operating activities was more than offset by increases in the loan portfolios of the financial services companies, as well as capital expenditure and dividend distributions during the year.

(€ million)		At December 31, 2012	At December 31, 2011
Debt:			
Asset-backed financing		**(9,708)**	(9,479)
Other debt		**(10,925)**	(10,738)
Total debt		**(20,633)**	**(20,217)**
Other financial assets	(a)	**121**	118
Other financial liabilities	(a)	**(97)**	(157)
Liquidity:			
Current securities		**4**	68
Cash and cash equivalents		**4,611**	5,639
Net (Debt)/Cash		**(15,994)**	**(14,549)**
Industrial Activities		**(1,642)**	(1,239)
Financial Services		**(14,352)**	(13,310)
Cash, cash equivalents and current securities		**4,615**	5,707
Available credit lines		**1,591**	1,588
Total available liquidity		**6,206**	**7,295**

(a) Includes fair value of derivative financial instruments

Debt for the Group increased €416 million during 2012 (increase of €798 million at constant exchange rates), mainly reflecting an increase of €229 million in asset-backed financing and USD 750 million in new bond issues, increased utilization of available credit lines and new medium/long-term bank financing. Those increases were partially offset by the repayment by Iveco Capital to Barclays Group of debt outstanding at year-end 2011.

At December 31, 2012, **liquidity** totaled approximately €4.6 billion (down €1.1 billion over the €5.7 billion at year-end 2011). **Total available liquidity** (including €1.6 billion in undrawn committed facilities at year-end 2012 and 2011) decreased €1.1 billion to €6.2 billion, mainly as a result of cash utilization related to refinancing needs and portfolio growth for financial services, as well as capital expenditure and dividend payments. Cash flow from operations was partially offset by the increase in working capital.

Cash and cash equivalents included cash with a pre-determined use of €670 million (€728 million at December 31, 2011), primarily associated with servicing of securitization vehicles (included under asset-backed financing).

Industrial Activities and Financial Services – 2012 Results

The following tables provide a breakdown of the consolidated statements of income, financial position and cash flows between "Industrial Activities" and "Financial Services". Financial Services includes subsidiaries of CNH and Iveco engaged in retail and dealer finance, leasing and rental activities.

Prior to the end of 2011, Iveco Finance Holdings Limited (renamed Iveco Capital Limited during 2012), a joint venture between Iveco and Barclays, was accounted for under the equity method. As a result of the agreement for orderly termination of the joint venture signed in December 2011, the assets and liabilities of Iveco Finance Holdings Limited were consolidated on a line-by-line basis at December 31, 2011. As of January 1, 2012, the Group has also consolidated the company's profit and loss on a line-by-line basis.

Basis of analysis

The segmentation between Industrial Activities and Financial Services represents a sub-consolidation prepared on the basis of the core business activities carried out by each Group company.

Investments held by companies belonging to one segment in companies included in the other segment are accounted for under the equity method. To provide a more meaningful presentation of net profit, the results of investments accounted for in this manner are classified in the income statement under result from intersegment investments.

The holding companies (Fiat Industrial S.p.A. and Fiat Netherlands Holding N.V.) are included under Industrial Activities.

The sub-consolidation of Industrial Activities also includes companies that perform centralized treasury activities (i.e., raising funding in the market and financing Group companies). These activities do not, however, include the offer of financing to third parties.

Operating Performance by Activity

			2012			2011
(€ million)	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Net revenues	25,785	24,682	1,508	24,289	23,291	1,307
Cost of sales	20,925	20,281	1,049	20,038	19,239	1,108
Selling, general and administrative costs	2,183	2,016	167	2,002	1,860	142
Research and development costs	560	560	-	505	505	-
Other income/(expenses)	(38)	(39)	1	(58)	(78)	20
TRADING PROFIT/(LOSS)	2,079	1,786	293	1,686	1,609	77
Gains/(losses) on disposal of investments	(38)	(38)	-	26	26	-
Restructuring costs	166	166	-	95	95	-
Other unusual income/(expenses)	(13)	(13)	-	12	12	-
OPERATING PROFIT/(LOSS)	1,862	1,569	293	1,629	1,552	77
Financial income/(expenses)	(458)	(458)	-	(546)	(546)	-
Result from investments (*)	81	71	10	86	85	1
PROFIT/(LOSS) BEFORE TAXES	1,485	1,182	303	1,169	1,091	78
Income taxes	564	438	126	468	389	79
PROFIT/(LOSS)	921	744	177	701	702	(1)
Result from intersegment investments	-	177	-	-	(1)	2
PROFIT/(LOSS)	921	921	177	701	701	1

(*) Includes income from investments as well as impairment (losses)/reversals on non-intersegment investments accounted for under the equity method

Industrial Activities

For 2012, **net revenues** for Industrial Activities were up 6.0% to €24,682 million, with the increase for CNH more than offsetting declines for Iveco and FPT Industrial. For CNH, revenues were up 16.6% (+7.6% in US dollar terms), primarily reflecting higher volumes, better pricing and a more favorable product mix for the Agricultural Equipment business. Construction Equipment sales grew at a slower pace (declining in US dollar terms), as a result of the difficult trading conditions. Iveco reported a 7.5% decrease in revenues, with deliveries down as a result of further deterioration in economic conditions in several major European markets and weaker demand in Latin America. For FPT Industrial, revenues were down 8.9% on the back of lower demand for diesel engines for on-road applications.

Trading profit for Industrial Activities totaled €1,786 million, increasing €177 million over the €1,609 million figure for 2011. The improvement in trading performance reflects higher revenues for CNH and the improved result for FPT Industrial driven by industrial efficiencies. By contrast, Iveco reported a drop in trading profit, with the impact of lower volumes only partially offset by efficiency gains.

Operating Profit came in at €1,569 million for the year, compared with €1,552 million for 2011. The €177 million increase in trading profit was partially offset by a €160 million increase in net unusual expenses, relating primarily to restructuring costs for Iveco and net losses on disposal of investments (compared with a net gain for 2011) resulting from termination of CNH's strategic alliance with Kobelco.

Financial Services

Net revenues for Financial Services totaled €1,508 million for 2012, a 15.4% increase over 2011 attributable to the change in scope of consolidation for Iveco's Financial Services.

(€ million)	2012	2011	% change
Agricultural and Construction Equipment (CNH)	1,197	1,170	2.3
Trucks and Commercial Vehicles (Iveco)	311	137	127.0
Total	1,508	1,307	15.4

CNH Financial Services reported revenues of €1,197 million, up 2.3% over 2011 (-5.6% in US dollar terms). The increase in the average value of the managed portfolio, driven by higher volumes for Industrial Activities, was offset by a reduction in interest income reflecting a general reduction in market rates of interest.

Iveco's Financial Services activities posted revenues of €311 million, with the year-over-year increase also reflecting the line-by-line consolidation of Iveco Capital Limited, as described at the beginning of the section. On a like-for-like basis, revenues were down 13% over 2011, primarily due to the lower average value of the managed portfolio in Eastern Europe.

Trading profit for Financial Services totaled €293 million, compared to €77 million in 2011.

(€ million)	2012	2011	Change
Agricultural and Construction Equipment (CNH)	330	227	103
Trucks and Commercial Vehicles (Iveco)	(37)	(151)	114
Eliminations and Other	-	1	-1
Total	293	77	216

For CNH's Financial Services, trading profit was €330 million, up €103 million over the prior year due to the increase in the average portfolio, lower SG&A expenses and lower bad debt provisions. Those improvements were partially offset by lower margins.

Iveco's Financial Services business reported a trading loss of €37 million – improving significantly over the €151 million loss in 2011 due to lower credit loss provisions, as well as a reduction in losses for Central and Eastern Europe and for the rental business in Spain. Consolidation of Iveco Capital Limited contributed a loss of €2 million.

Statement of Financial Position by Activity

	At December 31, 2012			At December 31, 2011		
(€ million)	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Intangible assets	4,174	4,056	118	3,909	3,794	115
Property, plant and equipment	4,572	4,569	3	4,177	4,174	3
Investments and other financial assets	531	2,371	88	666	2,247	70
Leased assets	622	27	595	558	33	525
Defined benefit plan assets	256	249	7	215	209	6
Deferred tax assets	1,086	950	136	1,167	1,022	145
Total non-current assets	**11,241**	**12,222**	**947**	**10,692**	**11,479**	**864**
Inventory	4,843	4,755	88	4,865	4,774	91
Trade receivables	1,436	1,381	119	1,562	1,467	222
Receivables from financing activities	15,237	4,702	16,331	13,946	3,235	15,220
Current taxes receivable	302	293	9	685	627	58
Other current assets	1,117	837	596	1,053	860	409
Current financial assets:	125	121	6	186	117	71
Current securities	4	-	4	68	-	68
Other financial assets	121	121	2	118	117	3
Cash and cash equivalents	4,611	2,948	1,663	5,639	4,236	1,403
Total current assets	**27,671**	**15,037**	**18,812**	**27,936**	**15,316**	**17,474**
Assets held for sale	25	8	17	15	8	7
TOTAL ASSETS	**38,937**	**27,267**	**19,776**	**38,643**	**26,803**	**18,345**
Equity	**5,722**	**5,722**	**1,929**	**5,411**	**5,411**	**1,651**
Provisions:	4,589	4,542	47	4,540	4,497	43
Employee benefits	1,941	1,919	22	2,070	2,047	23
Other provisions	2,648	2,623	25	2,470	2,450	20
Debt:	20,633	9,238	17,191	20,217	8,637	16,089
Asset-backed financing	9,708	149	9,597	9,479	215	9,424
Other debt	10,925	9,089	7,594	10,738	8,422	6,665
Other financial liabilities	97	78	21	157	140	19
Trade payables	4,843	4,730	179	5,052	5,004	177
Current taxes payable	217	167	50	660	599	61
Deferred tax liabilities	170	110	60	111	58	53
Other current liabilities	2,666	2,680	299	2,495	2,457	252
Liabilities held for sale	-	-	-	-	-	-
Total liabilities	**33,251**	**21,545**	**17,847**	**33,232**	**21,392**	**16,694**
TOTAL EQUITY AND LIABILITIES	**38,937**	**27,267**	**19,776**	**38,643**	**26,803**	**18,345**

Net Debt by Activity at December 31, 2012

(€ million)		At December 31, 2012 Consolidated	Industrial Activities	Financial Services	At December 31, 2011 Consolidated	Industrial Activities	Financial Services
Debt:		(20,633)	(9,238)	(17,191)	(20,217)	(8,637)	(16,089)
Asset-backed financing		(9,708)	(149)	(9,597)	(9,479)	(215)	(9,424)
Other debt		(10,925)	(9,089)	(7,594)	(10,738)	(8,422)	(6,665)
Intersegment financial receivables		-	4,605	1,191	-	3,185	1,324
Debt, net of intersegment balances		(20,633)	(4,633)	(16,000)	(20,217)	(5,452)	(14,765)
Other financial assets	(a)	121	121	2	118	117	3
Other financial liabilities	(a)	(97)	(78)	(21)	(157)	(140)	(19)
Liquidity:							
Current securities		4	-	4	68	-	68
Cash and cash equivalents		4,611	2,948	1,663	5,639	4,236	1,403
Net (Debt)/Cash		(15,994)	(1,642)	(14,352)	(14,549)	(1,239)	(13,310)

(a) Includes fair value of derivative financial instruments

As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of consolidated Financial Services companies (included under intersegment financial receivables).

Intersegment financial receivables for Financial Services companies, on the other hand, represent loans or advances to industrial companies – for receivables sold to Financial Services companies that do not meet the derecognition requirements of IAS 39 – as well as cash deposited temporarily with the central treasury.

Net debt for the **Financial Services** companies at December 31, 2012 was €1,042 million higher than year-end 2011. That increase mainly reflects the increase in the lending portfolio (€1,706 million), partially compensated by cash from operating activities (€282 million) and positive currency translation differences (€230 million).

Change in Net Industrial Debt

(€ million)	2012	2011
Net Industrial (Debt)/Cash at the beginning of the year	(1,239)	(1,900)
Profit/(loss) for the year	921	701
Amortization and depreciation (net of vehicles sold under buy-back commitments or leased out)	716	664
Change in provisions for risks and charges and similar	123	350
Cash from/(used in) operating activities during the year before change in working capital	1,760	1,715
Change in working capital	(291)	346
Cash from/(used in) operating activities	1,469	2,061
Investments in property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and leased out)	(1,344)	(991)
Cash from/(used in) operating activities, net of capital expenditures	125	1,070
Change in consolidation scope and other changes	(86)	(400)
Net industrial cash flow	39	670
Capital increases, dividends, purchase of ownership interests in subsidiaries	(470)	(9)
Currency translation differences	28	-
Change in net industrial debt	(403)	661
Net Industrial (Debt)/Cash at the end of the year	(1,642)	(1,239)

During 2012, net industrial debt increased €403 million to €1,642 million.

The €1,760 million in cash generated by operating activities (before changes in working capital) was more than offset by investments in fixed assets (€1,344 million), working capital absorption (€291 million), and dividend payment.

Statement of Cash Flows by Activity

(€ million)		2012 Consolidated	2012 Industrial Activities	2012 Financial Services	2011 Consolidated	2011 Industrial Activities	2011 Financial Services
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,639	4,236	1,403	3,686	2,500	1,186
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:							
Profit/(loss) for the year		921	921	177	701	701	1
Amortization and depreciation (net of vehicles sold under buy-back commitments or leased out)		719	716	3	666	664	2
(Gains)/losses on disposal of non-current assets (net of vehicles sold under buy-back commitments) and other non-cash items		222	(114)	159	262	(38)	299
Dividends received		80	127	6	57	116	5
Change in provisions		73	68	5	178	178	-
Change in deferred taxes		103	95	8	101	82	19
Changes relating to buy-back commitments	(a)	(117)	(51)	(66)	40	20	18
Changes relating to operating leases	(b)	(89)	(2)	(87)	(12)	(8)	(4)
Change in working capital		(214)	(291)	77	333	346	(11)
TOTAL		1,698	1,469	282	2,326	2,061	329
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:							
Investments in:							
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments or leased out)		(1,349)	(1,344)	(5)	(993)	(991)	(2)
Subsidiaries and other equity investments		(4)	(210)	-	(104)	(289)	30
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments)		76	77	30	11	11	-
Net change in receivables from financing activities		(1,749)	(43)	(1,706)	(1,152)	(58)	(1,094)
Change in other current securities		61	-	61	(47)	-	(47)
Other changes		(9)	(1,603)	1,594	19	162	(143)
TOTAL		(2,974)	(3,123)	(26)	(2,266)	(1,165)	(1,256)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:							
Net change in debt and other financial assets/liabilities		797	880	(83)	1,871	853	1,018
Increase in share capital		10	10	175	-	-	155
Dividends paid		(480)	(480)	(53)	(8)	(8)	(64)
(Purchase)/sale of ownership interests in subsidiaries		-	-	-	(1)	(1)	-
TOTAL		327	410	39	1,862	844	1,109
Currency translation differences		(79)	(44)	(35)	31	(4)	35
E) NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,028)	(1,288)	260	1,953	1,736	217
F) CASH AND CASH EQUIVALENTS AT END OF YEAR		4,611	2,948	1,663	5,639	4,236	1,403

(a) Cash generated from the sale of vehicles under buy-back commitments, net of amounts included in Profit/(loss) for the period, are recognized under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses. The item also includes gains and losses arising from the sale of vehicles subject to buy-back commitments before the end of the agreement and without repossession of the vehicle

(b) Cash from operating leases is stated in a separate line item, which also includes investments, depreciation, write-downs and changes in inventory

Industrial Activities

For 2012, Industrial Activities absorbed cash and cash equivalents totaling €1,288 million. Specifically:

- **Operating activities** generated €1,469 million in cash. Net profit adjusted for amortization and depreciation, gains/losses on disposals and other non-cash items, changes in provisions, deferred taxes, items related to vehicles sold under buy-back commitments or leased out and dividends received totaling €1,760 million was partially offset by an increase in working capital of €291 million (on a comparable scope of operations and at constant exchange rates).
- **Investing activities** absorbed a total of €3,123 million in cash, primarily related to investments in fixed assets and equity interests (€1,344 million), as well as changes in financial receivables from/debt payable to the Group's financial services companies (included under other changes).
- **Financing activities** generated cash of €410 million, essentially through increased utilization of available credit lines and new medium/long-term bank financing, partially offset by the distribution of €480 million in dividends.

Financial Services

At December 31, 2012, cash and cash equivalents for Financial Services totaled €1,663 million, up €260 million over December 31, 2011.

Changes in cash were attributable to:

- **Operating activities**, which generated €282 million in cash, principally from income-related cash inflows.
- **Investing activities** (including changes in financial receivables from/debt payable to the Group's industrial companies), which absorbed €26 million in cash, with a €1,706 million increase in the loan portfolio being substantially offset by the net change in amounts due from industrial companies in the Group.
- **Financing activities**, which generated a total of €39 million, with proceeds from new bond issues (totaling €584 million) partially compensated by the repayment by Iveco Capital to Barclays Group of debt outstanding at year-end 2011.


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CORPORATE GOVERNANCE

INTRODUCTION

Fiat Industrial Group adheres to the Corporate Governance Code for Italian Listed Companies issued in March 2006 (and amended in 2010 and 2011) and adopted by Borsa Italiana (the "Corporate Governance Code" or "Code"), with additions and amendments that take account of the specific characteristics of the Group, as indicated below.

In accordance with regulatory requirements, the **Annual Report on Corporate Governance** provides a general description of the Group's corporate governance system together with information on ownership structure and adherence to the Corporate Governance Code, including key governance practices and the principal characteristics of the system of internal control and risk management including with reference to financial reporting. The Report, available in the Corporate Governance section of the Group website (www.fiatindustrial.com), is divided into four sections: the first contains a description of the governance structure; the second gives information on the capital structure and shareholders; the third provides an analysis of implementation of specific recommendations of the Corporate Governance Code and describes the principal characteristics of the system of internal control and risk management including with reference to financial reporting, in addition to the main governance practices adopted; and the fourth includes tables summarizing Fiat Industrial's ownership and board structure, a side-by-side comparison illustrating how Fiat Industrial has applied the principles and criteria of the Code, as well as the principal corporate governance related documents.

The Corporate Governance Code for Italian Listed Companies is available on the website of Borsa Italiana S.p.A.

DIRECTION AND COORDINATION

Fiat Industrial S.p.A. is not subject to the direction and coordination of any other company or entity and has full independence in setting strategic and operating guidelines. Fiat Industrial's direct and indirect subsidiaries in Italy have, with a few specific exceptions, named Fiat Industrial as the entity which, pursuant to Article 2497-bis of the Civil Code, exercises direction and coordination over them. That activity consists in: setting general strategic and operating guidelines for the Group through definition and updating of the internal control and risk management system, corporate governance model and corporate structure; establishment of a group-wide Code of Conduct; and definition of policies for the management of personnel, financial resources and external communications. Group coordination also encompasses group finance, internal audit and legal services, as well as centralized cash management through specialized treasury companies.

Direction and coordination at group level enables subsidiaries, which retain full management and operating autonomy, to realize economies of scale by availing themselves of professional and specialized services with improving levels of quality and to concentrate their resources on management of their core business.

BOARD OF DIRECTORS

The By-laws establish that the Board of Directors may be composed of between nine and fifteen members. At the General Meeting held on April 5, 2012, Shareholders elected eleven Board members whose term of office expires on the date of the General Meeting called for approval of the 2014 financial statements. The Board of Directors was elected using the voting list system, which gave minority shareholders the opportunity to elect a member.

The minimum equity interest required for submission of a list of candidates is established by Consob and is based on a company's average market capitalization for the fourth quarter of the previous year (below €15 billion, the minimum is 1%).

Article 11 of the By-laws stipulates that no individual 75 years of age or more may be appointed as a director. In addition, directors are also subject to the provisions of law relating to ineligibility and termination and they may be re-elected.

Each list must indicate at least one candidate that satisfies the legal requirements of independence, in addition to the requirements of the Corporate Governance Code adhered to by the Company.

Law 120 of July 12, 2011 introduced the principle of adequate gender diversity on the boards of directors and statutory auditors of listed companies. In particular, Law 120, including through the provisions of Articles 147-*ter* 1-*ter* and 148 1-*bis* introduced to Legislative Decree 58/1998, imposes the requirement that for the first election of the boards of directors and statutory auditors after August 12, 2012, there be at least one-fifth representation of each gender and that, for the two subsequent terms of office, there be at least one-third representation of each.

In implementation of the regulatory authority conferred by the above articles, on February 8, 2012 Consob issued Resolution 18098 amending the Issuer Regulations to include Article 144-*undecies* that introduces, inter alia, the requirement for listed companies to include provisions in their by-laws establishing procedures for the formation of lists of candidates for elections and for the substitution of directors and statutory auditors leaving office during a term that ensure adequate gender diversity as defined above.

As stated, the new regulations apply to elections of directors and statutory auditors occurring subsequent to August 12, 2012.

Given that the amendments were necessary to comply with new legal requirements concerning gender diversity for the Boards of Directors and Statutory Auditors, on the basis of the powers attributed to it under Article 15 of the By-laws, the Board of Directors voted to approve those amendments on January 31, 2013.

Under Article 16 of the By-laws, all directors with executive responsibilities are vested, separately and individually, with the power to represent the Company and, under Article 12, the Vice Chairman (where appointed) serves as acting Chairman if the latter is absent or unable to carry out his duties. For the first one-year mandate and following the subsequent election of the new Board, the Board of Directors adopted a model for delegation under which the Chairman is vested with all appropriate powers and authority to act on behalf of the Company, except where reserved by law or the Company's internal procedures for the Board of Directors itself. The Board has retained sole authority for approval of significant transactions.

The Board of Directors is composed of a majority of independent directors (8 out of 11), whose presence ensures that (i) strategic decisions and financial decisions of major significance are taken with a broad consensus and that (ii) an effective governance model is in place.

The contribution of independent directors is also fundamental to the composition and performance of committees whose role is to undertake a preliminary examination of many issues addressed by the Board, as well as performing an essential advisory role with respect to the roles and responsibilities established in their respective charters.

From an operational perspective, the Chairman is supported by the Group Executive Council (GEC), a decision-making body led by the Chairman and composed, until mid-November 2012, of the heads of the operating sectors and of certain central functions who are invited to attend all meetings of the Board of Directors. Consistent with the objective of enhancing the operational integration of Fiat Industrial and CNH, a new Group Executive Council was formed in November 2012 which is composed of 4 main groupings: regional operations, brands, industrial processes, and support/corporate functions. Finally, the Group's corporate governance model is predicated on the broad delegation of powers to the head of the individual operating regions (EMEA, NAFTA, LATAM and APAC).

In relation to the adoption of procedures for transactions with related parties pursuant to Article 2391-*bis* of the Civil Code and Consob Regulation 17221/2010, given the importance the Regulation places on the opinion expressed by independent directors, in 2010 the Company elected to defer adoption until the independent directors had taken office following the demerger. The objective was to ensure active participation of the independent directors in approval of the procedures.

On April 21, 2011, and with effect from the following date, the Board of Directors adopted the "**Procedures for Transactions with Related Parties**" (the "Procedures") to ensure full transparency and substantial and procedural fairness in transactions with related parties, as defined under IAS 24.

The Procedures define "significant transactions", which require the prior approval of the Board and must be publicly disclosed in the form of an information document. Before giving its approval, the Board must seek the binding opinion of the Internal Control and Risk Committee, which has responsibility for related-party transactions with the exception of matters relating to compensation (for which the Compensation Committee is responsible).

Other transactions, except those falling within the residual category of minor transactions – i.e., transactions less than €200,000 in value or, for transactions with legal entities having consolidated annual revenues in excess of €200 million only, transactions less than €10 million in value – are defined as "non-significant" and may be entered into with the prior non-binding opinion of the above committee.

The Procedures also establish exemptions, including: transactions taking place in the ordinary course of business and entered into at standard or market terms; transactions with or between subsidiaries and transactions with associates, provided that no other parties related to the Company have a significant interest; and transactions of minor value.

The task of implementing the Procedures and disseminating them to Group companies is assigned to the manager responsible for the Company's financial reporting, who must also ensure coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/98.

On April 21, 2011, the Board also approved the "**Guidelines for Significant Transactions**", under which transactions having a significant impact on the Company's earnings and financial position are subject to prior examination and approval by the Board.

As such, the powers conferred on the executive director specifically exclude decisions relating to significant transactions that, in and of themselves, require that the Company publish prospectuses or information documents in accordance with specific requirements established by regulatory authorities.

Prior to the Company undertaking a significant transaction, the executive directors are to provide the Board a summary report on their analysis of the strategic compatibility, economic feasibility and expected return.

Pursuant to Article 12 of the By-laws, the Board of Directors, in consultation with the Statutory Auditors, is to appoint **one or more managers responsible for the Company's financial reporting**. If more than one individual is appointed, they shall have joint responsibility. It is a requirement that the individual(s) appointed have several years of accounting and financial experience within a large company. In implementation of that provision, on January 31, 2013 the Board of Directors appointed the Chief Financial Officer as the manager responsible for the Company's financial reporting.

At December 31, 2012, the Board of Directors was composed of one executive director and ten non-executive directors (i.e., without specific authorities or executive responsibilities within the Company or Group). Eight of the directors qualified as independent on the basis of the requirements of the Corporate Governance Code and also met the independence requirements established in Legislative Decree 58/98, as well as the independence requirements set out by the Board of Directors (at the proposal of the Nominating, Corporate Governance and Sustainability Committee) in its report to Shareholders on the election, on April 5, 2012, of the Board of Directors for the period 2012-2014.

The Chairman is an **executive director**. He also serves as Chairman of the principal subsidiaries (CNH Global N.V., Iveco S.p.A. and FPT Industrial S.p.A.), but has no operational powers with regard to those companies.

An adequate number of independent directors is an essential element in the Group's corporate governance which ensures that the interests of shareholders and third parties are protected. The contribution of independent directors is also fundamental to the composition and performance of committees whose role is to undertake a preliminary examination of many issues addressed by the Board, as well as performing an essential advisory role with respect to the roles and responsibilities established in their respective charters.

The **independence** of directors is assessed annually. Additionally, any time a circumstance arises that could potentially compromise a director's independence, the director concerned is required to report the situation in writing. The results of the annual assessment are duly communicated to the market. On February 1, 2012, the Board of Directors determined that the existing six independent directors continued to satisfy the independence requirements established in the Corporate Governance Code.

At the meeting convened on April 5, 2012, following the Annual General Meeting at which the new Board of Directors was elected for the 2012-2014 period, the Board confirmed that eight of the directors (A. Bombassei, M.P. Grieco, R. Liberatore, L. Milone, G. Perissinotto, G. Tabellini, J. Tammenoms Bakker and J. Zhao) met the criteria for independence established in the Corporate Governance Code and Legislative Decree 58/98. The Statutory Auditors determined that the criteria and procedures for verifying the independence of Directors were correctly applied.

On February 21, 2013, the Board of Directors, on the basis of proposals formulated by the Compensation Committee, approved the general compensation policy for executive directors, directors with specific responsibilities and executives with strategic responsibilities for 2013.

Some directors also hold positions at other listed companies or companies of significant interest. Excluding the positions held by the executive director within Fiat Industrial Group, the most significant are as follows:

- Alberto Bombassei: Chairman of Brembo S.p.A., Director of Atlantia S.p.A., Italcementi S.p.A., Nuovo Trasporto Viaggiatori S.p.A. and Pirelli & C. S.p.A.
- Gianni Coda: Member of the Advisory Board of Fiat Automoveis S.A. (FIASA), Director of Tofaş – Türk Otomobil Fabrikasi A.Ş.
- John Elkann: Chairman and General Partner of Giovanni Agnelli & C. S.a.p.Az., Chairman and CEO of EXOR S.p.A., Chairman of Fiat S.p.A. and Editrice La Stampa S.p.A., Director of Gruppo Banca Leonardo S.p.A., The Economist Group and SGS S.A.
- Maria Patrizia Grieco: Chairman and Chief Executive Officer of Olivetti S.p.A.
- Robert Liberatore: Senior Transatlantic Fellow of The German Marshall Fund, Chairman of the Faith and Politics Institute, Director of the Atlantic Council, National Democratic Institute and Federal City Council, Senior Adviser at Boston Consulting Group
- Sergio Marchionne: Chairman and CEO of Chrysler Group LLC, CEO of Fiat S.p.A., Chairman of SGS S.A., Chairman and CEO of Fiat Group Automobiles S.p.A., Director of EXOR S.p.A. and Philip Morris International Inc.
- Libero Milone: Director of Poltrona Frau S.p.A., Falck Renewables S.p.A. and Tofaş – Türk Otomobil Fabrikasi A.Ş.
- Giovanni Perissinotto: Director of Hera S.p.A.
- Guido Tabellini: Director of CIR S.p.A.
- Jacqueline Tammenoms Bakker: Director of Tesco PLC, Vivendi S.A. and the Van Leer Group Foundation
- John Zhao: CEO and General Manager of Hony Capital Limited, Director and Senior Vice President of Legend Holdings Limited, Chairman of Beijing Hony Future Investment Advisor Ltd., Executive Director of China Pharmaceutical Group Limited

BOARD COMMITTEES

On September 27, 2010, the Board of Directors instituted the Internal Control Committee and the Nominating and Compensation Committee.

On March 10, 2011, the Board of Directors changed the name of the Nominating and Compensation Committee to the Nominating, Compensation and Sustainability Committee.

In consideration of the significant role of the Committees, on April 5, 2012, the Board of Directors decided to separate the functions of the Nominating, Compensation and Sustainability Committee (renamed Nominating, Corporate Governance and Sustainability Committee) and establish a new and distinct Compensation Committee. On October 31, 2012, in implementation of the most recent recommendations of the Corporate Governance Code, the Board of Directors redefined the role of the Internal Control Committee and also renamed it Internal Control and Risk Committee.

INTERNAL CONTROL SYSTEM

In 2010, Fiat Industrial adopted a corporate governance model (including mechanisms for implementation and a system of internal controls), which, in addition to ensuring compliance with legal and regulatory requirements in Italy, is also substantially in line with international best practice for groups of a similar scale and leverages on the systems and practices in place for Fiat Group – particularly those already adopted by companies that subsequently became part of Fiat Industrial Group.

In 2012, the Board revised the "Guidelines for the System of Internal Control and Risk Management", including adoption of changes introduced by the Corporate Governance Code in 2011.

The System of Internal Control and Risk Management, based on the model provided by the COSO Report and the principles of the Corporate Governance Code, consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks to which the Company is exposed. The system is integrated within the organizational and corporate governance framework adopted by the Company, and contributes to the protection of corporate assets, as well as ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws and regulations, as well as the By-laws and internal procedures.

The system, which has been developed on the basis of national and international best practice, consists of the following 3 levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk
- Level 2: central functions with responsibility for risk control, which define methodologies and instruments for managing risk and monitor that risk
- Level 3: internal audit, which conducts independent evaluations of the System in its entirety. The head of Internal Audit is also assigned the role of Compliance Officer pursuant to Article 150 of Legislative Decree 58/98

The Guidelines for the System of Internal Control and Risk Management provide a detailed description of the duties and responsibilities of the principal individuals and entities involved and set out the procedures for their coordination in order to ensure the effectiveness and efficiency of the system and reduce potential duplication of activities.

Fiat Industrial has put in place **a system of risk management and internal control over financial reporting** based on the model provided in the COSO Report, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to financial reporting, the reliability, accuracy, completeness and timeliness of the information itself contributes to ensuring those corporate objectives are achieved. Risk management constitutes an integral part of the internal control system. The periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework model (control environment, risk assessment, control activities, information and communication, monitoring) in achieving those objectives. The principal characteristics of the system of risk management and internal control over financial reporting are provided in the Annual Report on Corporate Governance.

Public disclosure of periodic financial results, including via the internet, is done strictly in accordance with applicable legal and regulatory requirements, as well as the Company's own policies and procedures.

The **Code of Conduct**, adopted in 2010, and the **Compliance Program** (ex Legislative Decree 231/2001) are an integral part of the Internal Control System. The Code of Conduct contains the business ethics principles to which the Company adheres and which directors, statutory auditors, employees, consultants and partners are required to observe. The Code of Conduct has been adopted by all Group companies worldwide and incorporates specific guidelines related to the Environment, Health and Safety, Business Ethics and Anti-Corruption, Suppliers, Management of Human Resources and the Respect of Human Rights. Furthermore, the Code of Conduct is distributed to all employees in accordance with local legal and regulatory requirements. Consultants and partners are also informed of the Group's adherence to the Code either through direct notification or, when entering into contract agreements, through inclusion of specific clauses making reference to the principles contained in the Code.

On February 1, 2012, the Board of Directors, at the proposal of the Internal Control and Risk Committee, ratified amendments to the Guidelines for Adoption and Revision of the Compliance Program by Group companies in Italy (the "Guidelines") and approved the revised Compliance Program (pursuant to Legislative Decree 231/2001). Both documents were updated to better reflect changes in the Company's operating activities, as well as the new environmental offenses introduced by Legislative Decree 121/2011.

In February 2013, the Compliance Program Supervisory Body – having consulted with the Internal Control and Risk Committee – revised the Guidelines to incorporate new categories of offenses introduced to Legislative Decree 231/2001. In particular, Legislative Decree 109/2012 introduced the offense of employing foreign nationals residing illegally in Italy to Article 25-*duodecies* and Law 190/2012 introduced the offense of being induced to give a bribe to Article 25 and the offense of bribery between private individuals to Article 25-*ter.*

For 2012, the Compliance Program Supervisory Body was a single individual operating on the basis of a specific supervisory program, who reported to the Boards of Directors and Statutory Auditors (including through the Internal Control and Risk Committee).

In application of the Compliance Program and the Code of Conduct, the **Whistleblowing Procedures** were adopted for the management of reports and claims filed by persons inside and outside the Company in relation to suspected or presumed violations of the code of conduct, fraud involving company assets or financial reporting, oppressive behavior towards employees or third parties, reports or claims regarding accounting, internal accounting controls and independent audits.

The purpose of the **Procedures for the Engagement of Audit Firms** is to regulate the engagement, by Fiat Industrial and its subsidiaries, of audit firms and other related parties in order to ensure the independence of firms engaged to audit the financial statements. In this context, "related parties" are considered companies or professional firms that maintain an ongoing relationship with the independent auditors (i.e., the network). The procedures make a distinction between audit services, audit-related services, and non-audit services and, for each category, they establish the scope of engagements, procedures for approval, and obligations relating to internal reporting of costs.

In application of the requirements of Articles 36 and 39 of Consob's Market Rules, having established the scope of application of that regulation within the Group, Fiat Industrial has determined that the accounting and reporting systems are adequate for public disclosure of certain accounting information upon which the consolidated financial statements are based (as required by the above regulation), as well as providing management and the independent auditors of the Parent Company with the information used for preparation of the consolidated financial statements. Similarly, information flows to the independent auditor of the Parent Company – in place at various levels in the chain of corporate control, continuous throughout the entire financial year and instrumental for the auditing of the Parent Company's interim and annual accounts – was found to be effective. Finally, Fiat Industrial receives regular information on the composition of corporate bodies within subsidiaries along with information on the positions held by each member and is responsible for maintaining centralized records of formal documentation relating to the by-laws and delegation of powers to the members of the corporate bodies, in addition to keeping them properly updated.

During the year, no companies incorporated under the laws of a non-EU member State were acquired which, on an individual basis, are significant for the purposes of the aforementioned Regulation.

BOARD OF STATUTORY AUDITORS

In accordance with Article 17 of the By-laws, the Board of Statutory Auditors is composed of three regular auditors and three alternates, all of whom must be entered in the Register of Auditors and have at least three years of experience as a statutory account auditor. They may, within the legal limit, also hold other positions as director or statutory auditor.

In accordance with Legislative Decree 58/98, Article 17 of the By-laws establishes the right for appropriately constituted **minority groups** to appoint one regular auditor, who serves as Chairman, and one alternate. The By-laws also establish that the minimum equity interest required for submission of a list of candidates for elections of the Statutory Auditors may not be lower than the percentage required by law for elections of the Board of Directors.

For lists containing three or more candidates in total, the first two candidates for regular auditor must be of different genders to ensure that the composition of the Board of Statutory Auditors meets the legal requirements for gender diversity. Similarly, if the list contains two or more candidates for alternate auditor, the first two candidates appearing in the relevant section of the list must be of different genders.

Where two or more lists receive the same number of votes, candidates from the list representing the greatest number of shares or, if equal, the list representing the greatest number of shareholders, is elected. The lists, together with documentation required by law and the Company By-laws, must be placed on record at the Company's registered office at least 25 days prior to the date of the meeting, in accordance with the applicable regulations.

If, at the deadline, only one list has been submitted or the lists have been submitted by shareholders that are related, as defined by law, the deadline for presentation of lists is extended by an additional 3 days and the minimum shareholding required for submission is reduced to half the initial percentage.

The notice calling the meeting must also provide for at least one method of submitting lists remotely, which enables identification of the shareholders making the submission.

If no minority list is presented by the original deadline, notice to that effect must be published together with details of the extended deadline and the reduced minimum percentage shareholding required for submission, in accordance with the legal requirement.

The statutory auditors are elected as follows:

1. two regular auditors and two alternate auditors are elected from the list that has obtained the highest number of votes from Shareholders, on the basis of the numerical order in which they appear in each section of the list
2. in compliance with the provisions of law, the remaining regular auditor and the other alternate auditor are elected from the list obtaining the second highest number of votes, on the basis of the numerical order in which they appear in each section of the list. Where two or more lists receive the same number of votes, candidates from the list representing the greatest number of shares or, if equal, the list representing the greatest number of shareholders, is elected

The chairmanship of the Board of Statutory Auditors will go to the first candidate from the list obtaining the second highest number of votes as determined under point 2 above.

The above voting procedure will be utilized for the first time at the General Meeting of Shareholders called for approval of the 2012 financial statements.

The Statutory Auditors are: Chairman – Paolo Piccatti; regular auditors – Valter Cantino and Lucio Pasquini; alternate auditors – Riccardo Rota, Vittorio Sansonetti and Giorgio Cavalitto. The three regular auditors, together with the alternates Riccardo Rota and Vittorio Sansonetti were appointed at the time of the Company's incorporation. Giorgio Cavalitto, an alternate auditor, was elected by Shareholders on December 6, 2010 and took office on the effective date of the Demerger. The current term of the Board of Statutory Auditors and the three alternate auditors expires on the date of the General Meeting called for approval of the 2012 financial statements.

Following is a list of the most significant positions held by the members of the Board of Statutory Auditors. Paolo Piccatti: Chairman of the Board of Statutory Auditors at Fiat Group Automobiles S.p.A., Fiat Partecipazioni S.p.A., FPT Industrial S.p.A., Juventus F.C. S.p.A., Banca Sella S.p.A., Società Petrolifera Italiana S.p.A., and regular auditor of EXOR S.p.A., Giovanni Agnelli & C. S.a.p.az., Iveco S.p.A. and Banca Sella Holding S.p.A. Valter Cantino: Independent Director at Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A., Chairman of the Board of Auditors at Fondazione Torino Wireless and regular auditor of FGA Capital S.p.A. Lucio Pasquini: Chairman of the Board of Statutory Auditors at Burgo Energia S.p.A., 2 A S.p.A., Cofincaf S.p.A., Elettrogruppo Zerouno S.p.A., Ercom S.p.A., Gever S.p.A., PKP Gruppo Finanziario S.p.A. and regular auditor of Burgo Distribuzione S.r.l., Finlav S.p.A., Gruppo Banca Leonardo S.p.A., Lavazza Coffee Shops S.r.l., Schneider Electric S.p.A. and Comecart S.p.A.

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http://bit.ly/12LcvDH

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TRANSACTIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

During the period, there were no transactions, including intragroup, with related parties which qualified as unusual or atypical. Any related-party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of July 28, 2006, is provided in Note 35 to the Consolidated Financial Statements and Note 24 to the Statutory Financial Statements.

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As part of the requirements of Legislative Decree 196/03 (the Italian data protection act), several activities, including specific audits, were performed to evaluate the system of data protection for information held by Group companies subject to this law. These activities confirmed that legislative requirements relating to the protection of personal data processed by Group companies had been substantially complied with, including preparation of the Security Planning Document.

SUBSEQUENT EVENTS AND OUTLOOK

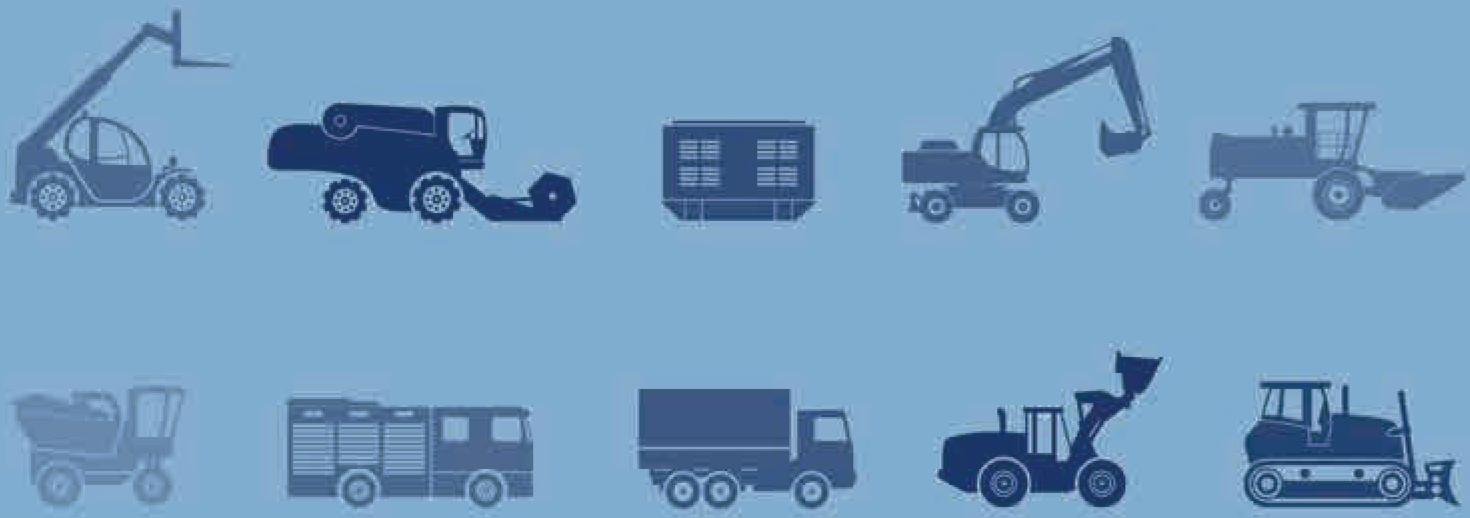
SUBSEQUENT EVENTS

On February 7, 2013, Fiat Industrial S.p.A. completed renewal of a 3-year €2 billion committed revolving credit facility with a group of 21 banks. The facility is available for general corporate purposes and working capital requirements. It replaces the 3-year €2 billion facility originally signed in December 2010.

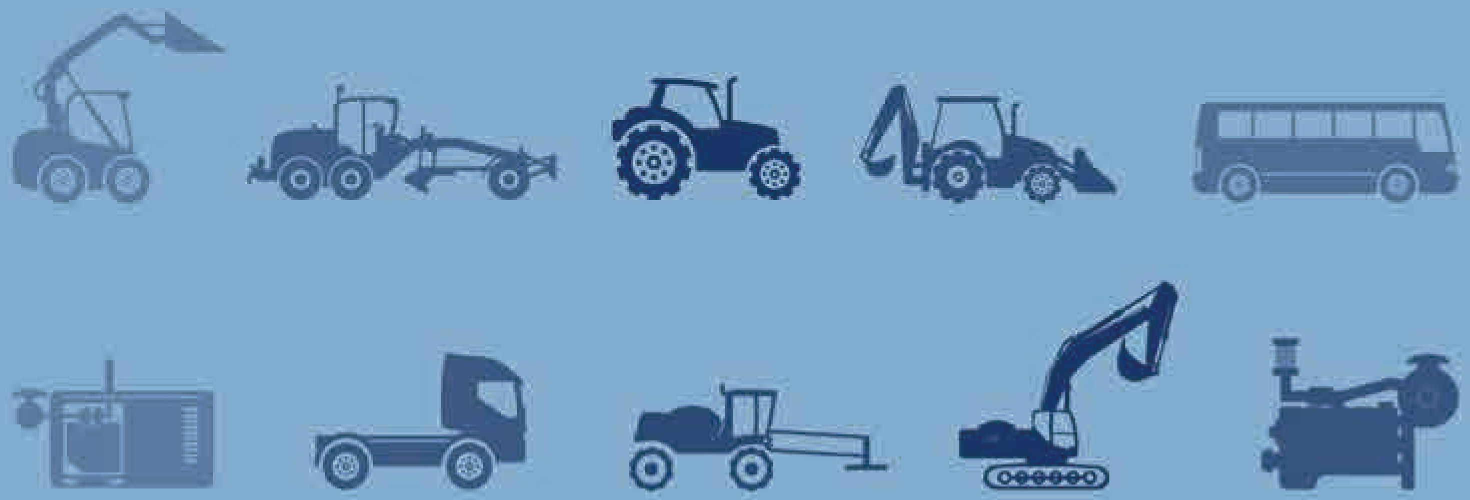
OUTLOOK

On the back of the Group's performance to date and expectations of continuing strong trading conditions across all sectors, especially CNH, Fiat Industrial is setting 2013 guidance as follows:

- Revenues up 5%
- Trading margin between 8.3% and 8.5%
- Net industrial debt between €1.1 billion and €1.4 billion



OPERATING PERFORMANCE BY SECTOR



AGRICULTURAL AND CONSTRUCTION EQUIPMENT

CNH

HIGHLIGHTS

(€ million)	2012	2011
Net revenues	**16,056**	13,896
Trading profit/(loss)	**1,566**	1,154
Operating profit/(loss) (*)	**1,529**	1,181
Investments in tangible and intangible assets (**)	**758**	494
of which capitalized R&D costs	**286**	173
Total R&D expenditure (***)	**520**	384
Employees at year end	**33,826**	32,693

(*) Includes restructuring costs and other unusual income/(expenses)
(**) Net of vehicles leased out
(***) Includes capitalized R&D and R&D charged directly to the income statement

COMMERCIAL PERFORMANCE

Worldwide **agricultural equipment** industry unit sales were stable compared to 2011, with global demand flat for tractors and up 3% for combines. North American tractor sales were up 9%, with the under 40 hp segment up 8% and the over 40 hp segment up 10%, and combine sales were down 1%. Latin American tractor sales increased 4% and combine sales increased 3%. EAME & CIS (Europe, Africa Middle East and CIS) markets were down 3%, despite combine sales being up 9%. APAC (Asia Pacific) markets decreased 2% for tractors and 19% for combines.

Worldwide agricultural equipment market share performance was in line with the market for both tractors and combines. CNH gained share in the combine segment in the APAC region while losing some in the under 40 hp tractors market in North America, a segment that CNH does not participate actively.

CNH worldwide production of agricultural equipment trailed retail sales in the fourth quarter as the Group implemented the scheduled production slowdown to reduce company and dealer inventory to year-end desired levels.

Global **construction equipment** industry unit sales declined 6% over the prior year, with light equipment up 8% and heavy equipment down 18%. North American demand was up 27% and EAME & CIS markets 3%. In Latin America, the market was down 2%, driven by a 6% decline in the heavy line. In APAC markets, industry sales were down 22% for the year, with light equipment demand almost flat year-over-year.

Worldwide construction equipment market share for 2012 was in line with the industry in both the light and heavy segments. CNH gained market share in Latin America both in the light and heavy segment despite the industry demand decline.

Production activity was slowed in line with demand expectations for individual markets and to ensure company and dealer inventories matched demand on a worldwide basis.

As part of its global growth strategy, the sector conducted several operations.

On February 15th, CNH hosted a Russian government delegation at its JV operations in Naberezhnye Chelny (Tatarstan, Russia) to celebrate completion of the first stage of production activities at the plant and the signing of a Memorandum of Understanding with the Republic of Tatarstan for the supply of 80 units of New Holland agricultural equipment manufactured locally.

On March 8th, CNH announced a long-term strategic partnership with Orkel AS, the Norwegian market leader in high-performance fixed-chamber round balers, compactors and tractor trailers. Under the agreement, CNH will acquire intellectual property rights and tooling for Orkel's fixed-chamber round balers (FCRB) and Orkel will become CNH's preferred engineering partner for development of a new generation of high performance/heavy duty fixed-chamber round balers. Orkel-CNH products will be sold under the Orkel, New Holland Agriculture and Case IH brands through their respective dealer networks.

On December 26th, as a result of an ongoing strategic review of its construction equipment business, CNH announced that it is moving into the next phase of its business relationship with Kobelco Construction Machinery Co., Ltd. The non-exclusive licensing and supply agreements that took effect January 1, 2013 will allow CNH to pursue a global strategy leveraging the industry-leading technologies and resources available to it as part of the Fiat Industrial Group. The new business relationship includes the unwinding of all joint ventures between the parties.

INNOVATION AND PRODUCTS

During 2012, **Case IH Agriculture** continued its introduction of Efficient Power Tier 4A/Stage IIIB emission compliant equipment in Europe and North America with the launch of Maxxum and Steyr Profi ecotech tractors, 30 and 40 Series Titan floaters, 920 and 930 Nutri-Placer applicators, the 950 Nutri-Tiller strip-till system, 6 new models of Axial-Flow combines and the new narrow track 4WD Steiger Rowtrac. The new 30 Series Efficient Power Axial Flow combines were introduced in Australia, China, Russia and Ukraine. The Module Express 635 cotton pickers, the Axial-Flow 7120 and 8120 combine models and, through a strategic alliance with Semeato, an expanded no-till planter offering were introduced on the Brazilian market.

Case IH's Axial-Flow 9230 combine harvester was awarded the "PUCHAR", or "highest honor" by the Polish Ministry of Agriculture and Rural Development at Agrotech 2012 for offering the newest rotor threshing solution for multiple operating conditions in the industry and the Puma 145 tractor with Efficient Power was awarded "HIT of the Fair" at the XIII Mazowieckie Dni Rolnictwa (Mazovian Agricultural Days) exhibition in Poland. In Brazil, *Revista Rural* magazine honored the brand sugar cane harvester with the "Top of Mind" award. As announced in November 2012, the American Society of Agricultural and Biological Engineers (ASABE) recognized Case IH for innovation with the 2013 AE50 awards, specifically for the new 2013 Axial-Flow combine cab, the pivoting grain spout on the Axial-Flow combine, the Nutri-Placer 920 and the Precision Disk 500 air disk drill.

During 2012, **New Holland Agriculture** introduced the new BigBaler range with up to 20% increased capacity and up to 5% denser bales in Europe, Australia and North America. The brand leveraged the newly signed agreements with Semeato and Orkel launching the new SOLTT planting equipment in Brazil and the Roll Baler, the new series of professional fixed chamber roll balers, in Europe. In Brazil, the brand completed the introduction of the CR5080, CR6080SL and CR9080 Twin Rotor combines with models from class 5 to class 9 and launched the T9 4WD and T7 tractors. In Europe, New

Holland Agriculture introduced new FR forage harvesters, including two Tier 4A/Stage IIIB models from 450 to 824 hp and several new tractors including the ground care Boomer Compact 3000 range, upgraded with the EasyDrive continuously variable transmission, the compact T3F dedicated to small and mid-sized orchard and viticulture operators, the TI3 and TI4 equal sized wheel tractors designed for hay-making operations and field maintenance, new additions to the Tier 4A/Stage IIIB T5 range, now also available with the 4 step powershift Electro Command transmission. In North America, the brand launched the Tier 4A/Stage IIIB compliant T6 tractors, the new MegaCutter tractor mounted disc mower-conditioners, the new ProRotor rotary rakes and the new 840CD rigid draper head specifically designed to match the CR series Twin Rotor and the CX8000 super-conventional combines, which provide uniform crop flow up to 45-foot cutting widths. New Holland Agriculture also launched the new fuel efficient TD5 tractor series in South Africa and Far East markets. In addition, it introduced the TT Compact tractor series, with fuel-efficient engines from 35 to 47 hp, in key African markets including South Africa, Morocco and Tunisia. In the Far East, the brand also launched the new TS6 tractor series, featuring four models ranging from 110 to 139 hp. In China, New Holland Agriculture displayed its Braud 9080L, the first grape harvester ever to be presented in the country.

In Europe, New Holland Agriculture won at FIMA (the international fair for agricultural equipment in Spain), an outstanding innovation award for the SynchroKnife central header drive and 4 technical innovation awards for the Intelligent Trailer Braking system, the Smart Key technology, the Braud 9090X olive harvester and the Steering-O-Matic Plus system for the TK4000 range of crawler tractors. In Brazil, the ISOBUS communication system between tractor and the SOLTT planter received the top prize in the Innovation Category at Expointer, the largest fair in Southern Brazil. In North America, New Holland Agriculture won six 2013 AE50 awards for Engineering Innovation for the 840CD rigid draper head, the Advanced Operator Control System for H8000 Series Speedrower self-propelled windrowers, the BigBaler Series, the IntelliFill System for FR Series forage harvesters, the ABS SuperSteer anti-lock braking system for T7 Series tractors and the homologation option for T9 Series tractors granting free road circulation in the EU. In Europe, the new BigBaler series

received the Silver Innovation Medal at SIMA in France and at EIMA (International Agricultural Machinery Exhibition) in Italy the T4060F tractor won the 2013 "Best of Specialized" tractor award.

In January 2012 the CNH agricultural brands won nine 2012 AE50 innovation awards from the American Society of Agricultural and Biological Engineers (ASABE). The awards recognized the New Holland T8 and T9 tractors, the SynchroKnife drive, the MowMax II independent modular disc cutterbar and the add-on Cornrower attachment, the Case IH Steiger 600 tractor, the Independent Grain Tank Cross-Auger Control on the Case IH Series 30 combine, the MagnaCut Fine Cut Chopper and the Robo-Sharpener.

During 2012, **Case Construction** continued its product rejuvenation plan introducing, in North America, new Tier 4A/Stage IIIB compliant tractor loader backhoe models, the new CX210C and CX470C crawler excavator, the 621F wheel loader, the H Series rough-terrain forklift and 570N XT tractor loader, and the 885B motor grader. In Europe, the brand launched the new wheel loader models 1121F and 1021F, new crawler excavator models CX210C and CX235C and the new WX 8 wheeled excavators series equipped with three-pump hydraulic system. The new 521F and 621F wheel loaders with Tier 3 engines were introduced in Africa, the Middle East, the CIS and Central Asia. In Russia, Case Construction presented its range of Tier 3 compliant SR and SV skid steer and TR compact track loaders, while in India the brand launched the SR 130 and SR 150 models. In North America, *Construction Equipment* magazine recognized the Case motor grader B Series among the "Top 100" products for 2012, while *Better Roads* magazine elected Case wheel loader 621F as one of the "Top 25" products in 2012, due to its fuel efficiency and increased productivity.

During 2012, **New Holland Construction** launched, in Europe, the LM625 telescopic handler, the W270 and W300 wheel loaders, new C Series crawler excavator including short-radius model and the new wheeled excavator B Series PRO, all Tier 4A/Stage IIIB emission compliant. The new Tier 4A/Stage IIIB compliant B95C and B110C loader backhoe tractors were introduced in North America at the World of Concrete show in Las Vegas. The brand continued to focus on

emerging markets, introducing the new C Series crawler excavator and wheel loader with Tier 3 engines to key markets in Africa, the Middle East, the CIS and Central Asia. In Latin America, New Holland Construction launched the new LM1445 and LM1745 telehandlers, extending the lift-height range to 17 meters, and the new E55B compact excavator. New Holland Construction now offers one of the most complete compact product lines in Latin America.

SERVICES

CNH's Customer Care department actively collaborates with brands, dealers, technical services and many other CNH departments to develop, manage and support customer service solutions that contribute to building solid, long-term relationships with customers by meeting their needs and expectations.

In 2012 new contact channels were opened in collaboration with the Brands such as IPhone Apps and Tablet applications available for public download. Questions or inquiries originating from these new channel sources are then directed into the standard customer relationship channels for monitoring and resolution.

A new Interactive Voice Response (IVR) selection dedicated to Precision Farming was implemented globally for the NH AG Brand to facilitate customers to reach related technical support services through the one toll free number per region.

The Brands are on a large scale active within the Social Media communication with Customers present in all major regions through Facebook, Twitter, and YouTube etc. This activity is a vital and important communication tool with current and future Customers.

In 2012, CNH continued support activities for the sales and service network with initiatives targeted at strengthening relationships with customers and ensuring rapid service response to minimize downtime and maximize productivity.

In Latin America, Customer Care is launching the BDA service in Argentina for Case IH, which will be followed up with extended implementation in 2013. Updates for NA BDA included adding the New Holland Construction brand.

Globally, the Customer Care service processes have been mapped and evaluated with the objective to enhance, simplify and improve current process management, monitoring and reporting activities to be able to implement a new CRM system to improve on and enhance the experience of end customers.

CNH offers **financial services** in North America, Europe, Brazil and Australia providing a comprehensive range of financial products such as dealer and end-customer financing, finance leases, operating leases, credit cards, equipment rental programs and insurance products. Financial services are offered for both the Agricultural Equipment and Construction Equipment businesses.

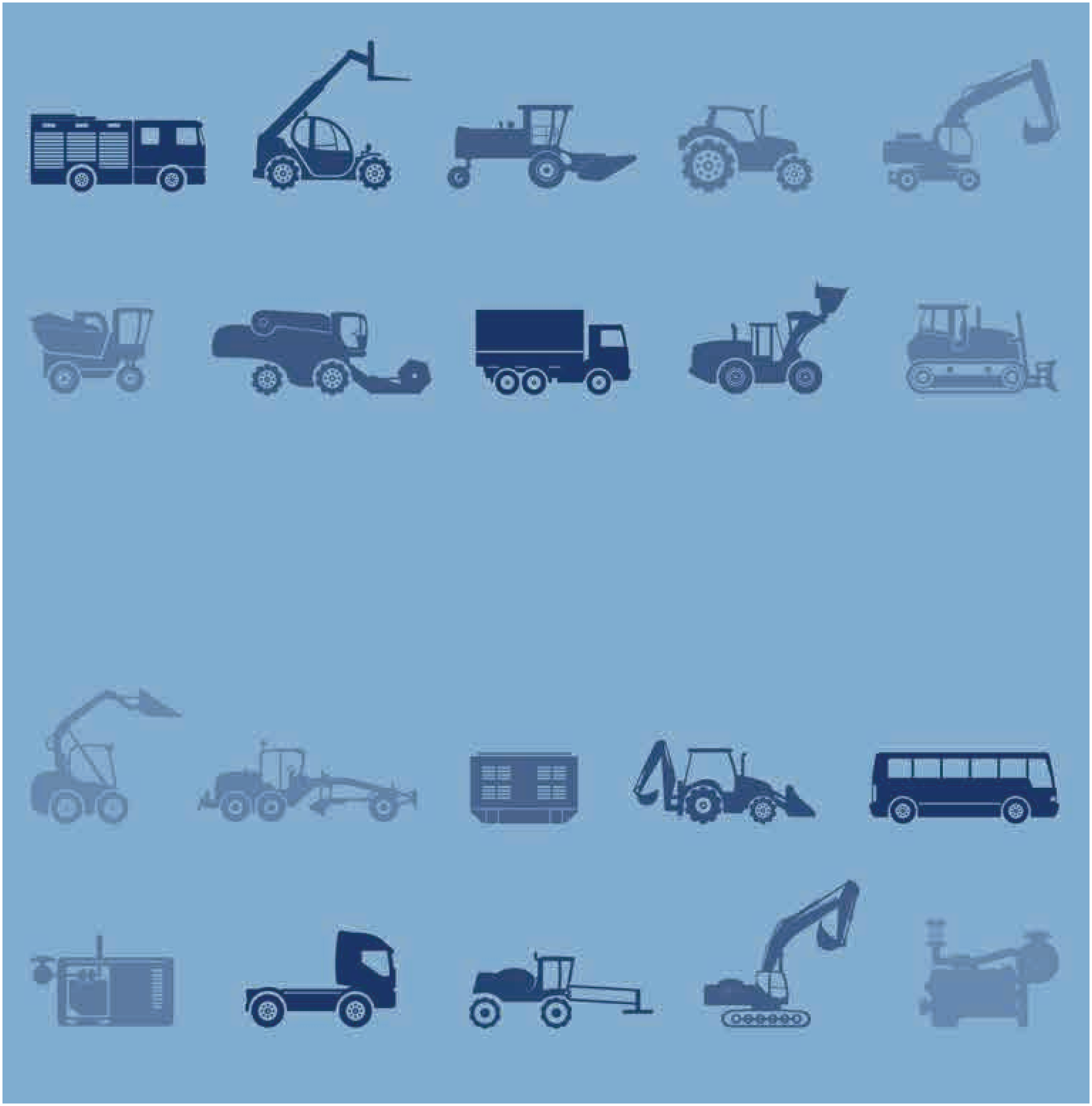
In North America, the activity is carried out through wholly-owned financial services companies that support sales through dealer and end-customer financing, as well medium/long-term operating leases.

In Europe, end-customer financing is primarily managed through CNH Capital Europe S.a.S., a joint venture with BNP Paribas Group (49.9% owned by CNH and accounted for under the equity method) that operates in Italy, France, Germany, Belgium, the Netherlands, Luxembourg, the UK, Spain and Austria. Vendor programs with banking partners are also in place in France, Portugal, Denmark and Poland.

Dealer financing and end-customer financing activities not managed by the joint venture with BNP Paribas are managed through captive financial services subsidiaries.

In Brazil, the captive financial services company Banco CNH Capital S.A. offers both dealer and end-customer financing. For end-customer financing, the company mainly serves as intermediary for funding provided by the Banco Nacional de Desenvolvimento Economico e Social (BNDES), a federally-owned company connected to the Brazilian Ministry of Development, Industry and Foreign Trade. Vendor programs offered jointly with banking partners are also in place.

In Australia, CNH offers dealer and end-customer financing through a captive financial services company.



IVECO IVECO ASTRA IVECO IRISBUS IVECO MAGIRUS IVECO DEFENCE VEHICLES

TRUCKS AND COMMERCIAL VEHICLES

IVECO

HIGHLIGHTS

(€ million)	2012	2011
Net revenues	**8,924**	9,562
Trading profit/(loss)	**469**	490
Operating profit/(loss) (*)	**288**	408
Investments in tangible and intangible assets (**)	**439**	343
of which capitalized R&D costs	**208**	171
Total R&D expenditure (***)	**289**	254
Employees at year end	**26,307**	26,202

(*) Includes restructuring costs and other unusual income/(expenses)
(**) Net of vehicles sold under buy-back commitments or leased out
(***) Includes capitalized R&D and R&D charged directly to the income statement

COMMERCIAL PERFORMANCE

The Western European truck market (GVW ≥3.5 tons) contracted 7.4% in 2012 to 574,700 units, with trading conditions deteriorating throughout the year. Most markets experienced a fall in demand, albeit to significantly varying degrees. The only countries to register growth were the UK (+2.1%), Denmark (+10.5%), Norway (+16.1%) and Switzerland (+4.5%). Southern European markets experienced the largest decreases resulting in the gap between Northern and Southern Europe continuing to widen. Registrations were down 29.0% in Italy, 21.2% in Spain, 37.6% in Portugal and 60.2% in Greece. France and Germany posted more modest decreases of 6.3% and 6.0%, respectively.

The light segment (GVW 3.5-6 tons) was down 6.3% overall, reflecting a 29.2% decrease for Southern Europe compared with a more modest 1.5% decrease for the rest of Western Europe, where performance was varied.

In the medium segment (GVW 6.1-15.9 tons), registrations were down 7.3% over the prior year, with the UK being the only market to post a year-over-year increase (+16.2%).

The heavy segment (GVW >16 tons) was down 9.5%, with declines in all markets except Norway, Denmark, Finland and Ireland. Southern Europe experienced the most significant contraction also in the heavy segment, with registrations down 23.8% over the prior year.

Demand for buses in Western Europe was down 2.1% over 2011 to 29,700 units. All segments registered declines with the exception of the Minibus & Truck Derived segment (+17.5%) which accounts for 30% of the total market. Performance was uneven across the major markets, with the UK and Germany increasing 32.7% and 2.1%, respectively, while Italy, France and Spain registered significant contractions (-30.4%, -10.7% and -38.9%, respectively).

In Latin America, the truck market (GVW ≥3.5 tons) was down 14.3% to 207,200 units. The Venezuelan market recorded growth of 10.2%, while Argentina was down 4.4% over the prior year and Brazil contracted 18.3%. The year-over-year comparison for Brazil reflects higher purchase activity in the latter part of 2011 associated with the introduction of new emissions regulations. Demand was lower in all segments, with light vehicles (GVW 3.5-7.9 tons) down 15.2%, medium (GVW 8-31 tons) down 13.8% and heavy (GVW >31 tons) down 14.2%.

Commercial Vehicle Market (GVW ≥3.5 tons) by country

(units in thousands)	2012	2011	% change
France	118.9	126.9	-6.3
Germany	164.4	174.9	-6.0
UK	109.1	106.9	2.1
Italy	42.6	60,0	-29.0
Spain	25.0	31.7	-21.2
Rest of Western Europe	114.7	120,2	-4.6
Western Europe	574.7	620.6	-7.4

Commercial Vehicle Market (GVW ≥3.5 tons) by product

(units in thousands)	2012	2011	% change
Heavy	182.8	202.0	-9.5
Medium	50.4	54.4	-7.3
Light	341.5	364.2	-6.3
Western Europe	574.7	620.6	-7.4

Iveco's estimated market share in Western Europe (GVW ≥3.5 tons) was 11.3%, representing a 0.8 percentage point decrease versus 2011. Although Iveco increased share in Italy by 2.1 percentage points to 33.1%, the gain was not sufficient to offset share losses in other major markets, including France (-0.6 p.p. to 13.2%), Germany (-0.5 p.p. to 8.0%), Spain (-0.4 p.p. to 19.9%) and the UK (-0.2 p.p. to 6.4%).

In the light segment, share was down 1.3 percentage points to 11.7% (-0.7 p.p. assuming comparable market mix). That result primarily reflected the crisis in the construction sector, which is an important market for Iveco, as well as the continuing shift in demand toward car-based models. Despite a gain in Italy (+0.5 p.p. to 28.6%), share in the European light segment was negatively affected by performance in France (-1.0 p.p. to 15.0%), Germany (-1.2 p.p. to 7.4%), Spain (-1.9 p.p. to 18.0%) and the UK (-0.4 p.p. to 5.7%).

In the medium segment, Iveco's overall share was down 0.8 percentage points to 22.8% (-0.1 p.p. assuming comparable market mix). Gains were achieved in several markets, the most significant of which was in Italy (+6.3 p.p. to 67.3%). However, share was down in Spain (-3.6 p.p. to 44.0%) and the UK (-4.8 p.p. to 18.3%), where the year-over-year comparison reflected several large deliveries to major customers in 2011. Iveco retained its solid second place position in Western Europe.

Share of the European heavy segment was up 0.2 percentage points to 7.5% (+0.8 p.p. assuming comparable market mix) on the back of positive performance across markets, particularly Italy (+4.2 p.p. to 35.5%), Spain (+2.7 p.p. to 17.9%), the UK (+0.9 p.p. to 4.0%) and Germany (+0.2 p.p. to 5.1%).

Iveco Irisbus's share of the Western European passenger transport market was down 1.5 percentage points over the previous year to 16.0%. Share decreased in all segments with the exception of the Intercity & Coach segment, where it closed the year up 0.7 percentage points to 7.4%. Results were positive in Italy (+10.3 p.p. to 43.6%), France (+1.2 p.p. to 42.9%) and Germany (+1.4 p.p. to 5.7%).

In Latin America, Iveco registered an 11.6% share (+0.1 p.p. versus 2011), with gains in Argentina (+1.6 p.p. to 22.3%) and Venezuela (+0.1 p.p. to 11.5%) being largely offset by the decline in Brazil (-0.5 p.p. to 9.5%). Iveco strengthened its leadership position in the light segment in Brazil, with share up 5.3 percentage points to 25.6%, and in the heavy segment in Argentina, with share up 4.7 percentage points to 26.9%.

Commercial Vehicle Sales – by country

(units in thousands)	2012	2011	% change
France	17.8	21.6	-17.7
Germany	14.1	16.8	-16.1
UK	7.0	8.3	-15.3
Italy	13.9	22.1	-37.1
Spain	5.4	7.1	-24.3
Rest of Western Europe	11.2	12.1	-6.9
Western Europe	69.4	88.0	-21.1
Eastern Europe	18.1	14.8	21.9
Rest of World	49.5	50.6	-2.1
Total Sales	137.0	153.4	-10.7
Naveco	114.8	101.5	13.1
SAIC Iveco Hongyan	17.0	31.5	-46.0
Grand Total	268.8	286.4	-6.1

Commercial Vehicle Sales – by product

(units in thousands)	2012	2011 (**)	% change
Heavy	33.3	35.4	-6.0
Medium	17.5	22.3	-21.6
Light	73.7	83.5	-11.8
Buses	8.8	9.5	-6.8
Special vehicles (*)	3.7	2.7	40.1
Total Sales	137.0	153.4	-10.7

(*) Defense and firefighting vehicles
(**) For the purpose of comparability with 2012, data for 2011 has been reclassified. Changes include recognition of Astra brand special vehicles under "heavy" and truck-derived buses – which were still recognized under "light" in 2011 – under "buses"

A total of 137,028 vehicles (including buses and special vehicles) were delivered during the year, representing a 10.7% decrease versus 2011. Volumes were lower in all segments, with light vehicles down 11.8%, medium down 21.6% and heavy down 6.0%. In Western Europe, Iveco delivered a total of 69,414 vehicles (-21.1%), with declines registered in all major markets: Germany -16.1%, France -17.7%, Spain -24.3%, Italy -37.1% and the UK -15.3%. In Latin America, deliveries were down 21.8%. In Eastern Europe, performance ran counter to the trend in Western Europe with deliveries up 21.9% over the prior year. In Rest of World markets, Iveco posted a 36.4% year-over-year increase.

In China, Naveco – the 50/50 joint venture with Nanjing Automotive Corporation (controlled by the SAIC Group) – sold 40,006 light vehicles in the Power Daily range (up 2.6% over 2011) and 74,772 medium vehicles in the Yuejin range (up 19.7% over 2011).

SAIC Iveco Hongyan Commercial Vehicles Co. Ltd. (33.5% owned by Iveco), sold 17,008 heavy commercial vehicles, representing a 46.0% decrease over the previous year.

Including LSVs (low-speed vehicles for agricultural use), the two joint ventures increased sales 3.3% over the prior year to 147,747 units (143,015 in 2011).

Despite the general economic uncertainty caused by the financial crisis, Iveco demonstrated the resilience of its business which benefits from a global manufacturing presence and strong product portfolio.

After activities to consolidate its presence in Latin America and China, during 2012 Iveco focused on development of its activities in Africa and the Middle East where the commercial, distribution and service networks underwent significant expansion.

Iveco's product offering in those regions covers the entire portfolio from light all the way to heavy vehicles. The majority of vehicles distributed in those markets will be produced by the joint ventures in China with local assembly for some products, where circumstances require. The product offering will be further supplemented by models designed and produced in Europe.

During the year, Iveco and Larimar Group, a leading South African public transport operator and bus bodybuilder, signed an agreement for establishment of a joint venture that will manufacture trucks and buses in South Africa. Iveco will hold a 60% interest in the JV that will assemble 7,000 trucks and 1,000 buses a year, with a workforce of around 1,000

employees, at a plant located in the suburbs of Pretoria. Production will include light, medium and heavy duty trucks, as well as front-engine and low-floor city buses. Activity is expected to commence in the second half of 2013 with the Eurocargo range.

Latin America has become one of Iveco's most important markets. In Brazil, Iveco launched the new generation of the Ecoline range, which is now fully compliant with Euro V emissions standards. In Argentina, the brand launched the medium segment Vertis (introduced in Brazil in 2010), which is expected to become a major competitor in its segment.

In China, Iveco continued to develop new product platforms for the domestic and export markets. The company continues to invest in development of new models to compete in market segments where it is currently not present, particularly the high-end segment. In November, Iveco presented some of its most recent European models at the Guangzhou Motor Show – one of the most important commercial vehicle trade shows in China – marking the official entry of the Iveco brand in the Chinese market.

As part of the World Class Manufacturing program, one of the world's leading methodologies for production, maintenance, logistics and control processes, Iveco received Silver Awards for the Madrid and Suzzara plants. Including Valladolid, Iveco now has three Silver level plants.

INNOVATION AND PRODUCTS

A commitment to product development, sustainable mobility and innovation are all key pillars in Iveco's strategy. During the year, Iveco continued development of new technologies and products that can make a significant contribution to the achievement of sustainable mobility.

In 2012, Iveco continued research into innovative technological solutions that will expand its range of eco-friendly, energy-efficient vehicles.

During the year, Iveco and FPT Industrial presented the exclusive new "High Efficiency Selective Catalytic Reduction" technology (HI-eSCR), designed to meet Euro VI standards in Europe (effective from January 1, 2014) and customer requirements in terms of reduced fuel consumption and operating costs. This patented technology developed by FPT Industrial enables vehicles to achieve strict Euro VI standards for nitrogen oxide emissions without resorting to exhaust gas recirculation.

At the IAA Commercial Vehicle Trade Show in Hanover, Iveco showcased the Iveco Dual Energy, a hybrid diesel/electric LCV chassis prototype capable of switching energy source to adapt to the requirements of each individual mission. This vehicle is a further demonstration of Iveco's commitment to the development of innovative solutions for sustainable mobility. This extremely flexible technology offers a choice between electric only propulsion – with almost zero local emissions and low noise levels – or hybrid (thermoelectric) propulsion which is suitable for long-distance and intercity travel and enables reductions in fuel consumption and CO_2 emissions of up to 25%.

New additions to the product range during the year included two additional versions of the new Daily: one with a 146 hp 2.3-liter F1A engine (Euro 5) produced by FPT Industrial and incorporating the exclusive MultiJet II technology, and the other with a 146 hp 3.0-liter F1C engine (EEV), also produced by FPT Industrial, which further expands the range of light commercial vehicles adapted to more demanding missions. Combined with the new 6-speed transmission and Start&Stop system, the 146 hp 2.3-liter engine enables the new Daily to achieve reductions in fuel consumption and CO_2 emissions of up to 10% (combined cycle).

Iveco gave a preview presentation of the new Stralis Hi-Way to dealers and the international press at the beginning of July, followed by the official presentation at the IAA in September. The latest generation of Iveco's on-road heavy truck range, the vehicle provides customers a number of major advantages including reduced fuel consumption, lower maintenance costs and enhancements in quality and reliability. The Stralis Hi-Way also features an all-new cab which offers enhanced driving comfort, the latest integrated telematic systems, improved customer service tools and innovative electronic safety systems. The vehicle is available with Euro V and VI Cursor diesel engines from FPT Industrial. The Euro VI engines incorporate FPT Industrial's patented High Efficiency SCR technology, which conforms them to Euro VI emissions standards without sacrificing fuel efficiency. At the IAA in Hanover, the Stralis Hi-Way was named "International Truck of the Year 2013", awarded on the basis of the evaluation of a group of journalists from 25 specialist commercial vehicle magazines across Europe. The Hi-Way was recognized for having "made the greatest contribution to road transport efficiency from several different perspectives including: fuel economy, safety, driveability, comfort and a low-environmental footprint". Another addition to the heavy on-road range during the year was the Stralis "Emotional". With its extensive range of features, this vehicle offers customers a state-of-the-art driving environment and unsurpassed comfort in the on-board living area.

Hanover was also the venue for the world premiere of the new Trakker, part of the quarry and construction range. The

Trakker is equipped with an all-new cabin, derived from the Stralis, that enhances both driveability and on-board comfort and it is available with Euro V Cursor 8 and 13 engines from FPT Industrial. In addition, the Astra brand presented a new version of the HD9 with all-new cabin and enhanced performance characteristics.

At Intermat 2012 in Paris, Iveco presented the Dakar limited edition version of the Trakker (only 502 vehicles produced). This heavy goods transporter – which incorporates some of the key features of the actual Trakker that won the Dakar rally in Latin America at the beginning of 2012 – is available with 8 and 13-liter Cursor engines ranging from 310 to 500 hp.

At the Bedrijfsauto 2012 in Amsterdam, Iveco presented the new Stralis LNG Natural Power with a 330 hp Cursor 8 engine designed for medium-range missions and which, because of its reduced noise levels, can operate night time deliveries. The LNG technology also offers reduced emissions, an extended operating range of up to 750 km, together with other advantages such as a lower tare weight, which translates into a higher useful load and lower fuel consumption than a diesel-powered vehicle.

In the mass transit segment, Iveco won an order for 102 diesel/electric hybrid buses from the City of Dijon in April. In September, it also won a contract to supply more than 150 Crossway Low Entry regional buses to Deutsche Bahn Fuhrpark Service GmbH, a leading bus operator in Germany, beginning in 2013. The buses will be used on both metropolitan and regional routes.

In Brazil, Iveco launched the new generation of its Stralis Ecoline range. The vehicle is available with a range of engines from FPT Industrial, including 330 hp and 360 hp versions of the Cursor 9 and 400 hp, 440 hp and 480 hp versions of the Cursor 13. At the Eurosatory trade show in Paris, one of the largest in the European defense vehicle sector, Iveco delivered a prototype of the Guarani, a 6x6 armored amphibious personnel carrier, to the Brazilian Army. Iveco has been contracted to supply 2,044 units of this vehicle which was designed in collaboration with the Science and Technology department of the Brazilian Army.

Iveco participated at Auto China 2012 in Beijing through its various joint ventures. Naveco presented the 2012 model of the Yuejin Ouka, the K version, which is targeted at the medium-upper range of the light commercial vehicle market. SIH (SAIC Iveco Hongyan Commercial Vehicles Co. Ltd.) presented the new 6x4 Genlyon M100, a heavy truck for long-distance goods transport.

In November, Iveco received two prestigious international awards. In China, the new Naveco Chaoyue was named "Truck of the Year China 2013" and, in Brazil, the Iveco Tector Attack received the "AutoData Award" in the Truck category.

Iveco took part in the Dakar rally in South America in January 2012 with an Iveco Powerstar and two Iveco Trakker Evolution 2 vehicles (all fitted with FPT Industrial 900 hp Cursor 13 engines) taking first, second and sixth place in the overall truck ranking.

Finally, in the world of sport, Iveco continued its activities as Truck and Commercial Vehicle Supplier for MotoGP, as well as Official Sponsor of Team Yamaha Factory Racing and Official Supplier to Team Ferrari.

SERVICES

As projected, during 2012 there was a drop in the number of vehicles in operation, primarily in Western Europe, particularly for vehicles registered in the last 5 years. In addition, general economic conditions resulted in a reduction in average annual mileage meaning that there was also a decline in potential demand for spare parts. This trend was most evident in Southern Europe (Italy and Spain in particular). By contrast, in several European countries there was an increase in demand for spare parts in the bus segment, consisting largely of public sector operators.

In Central and Eastern Europe, the after-sales business was generally stable. In Africa, Asia and the Middle East, the parts business continued to develop throughout the year following several months of strong growth in new vehicle sales. In other countries, significant increases in activity were registered in Russia and Turkey.

On a global basis, the majority of parts categories registered a slowdown in growth and there was a continued decline in demand for incidental items and accessories.

During the year, there was further divergence in the level of pricing pressure between product segments. In the product categories where there is the greatest level of competition, in particular repairs, pricing policies were put into effect to enable recovery of market share while at the same time actions were taken to improve margins.

The offering of reconditioned parts was also expanded during the year to meet the increased focus of customers on cost containment.

The Operations division focused on improving customer service execution by enhancing logistics between supply centers to achieve a single virtual supply center. The resulting improvement in delivery performance led to an average reduction of 20% for customer complaints and 25% for vehicle downtime compared to the previous year, and achievement of 97% availability of materials. A large percentage of urgent orders are now delivered overnight thereby ensuring customers availability of the product by the open of business the following day.

Iveco offers direct **financial services** in Europe, as well as in Latin America, Poland and China through the financial services companies of Fiat Group Automobiles (Fiat Group).

During the fourth quarter of 2011, the Group formalized procedures for orderly termination of Iveco Finance Holdings Limited (renamed Iveco Capital Limited in 2012), the joint venture with Barclays which managed the financial services activities (retail and dealer) for Iveco in Italy, Germany, France, the UK and Switzerland. As agreed by the parties, from January 1, 2012 Iveco took over responsibility for funding Iveco Capital Limited and, in May 2012, it acquired the remaining 51% from Barclays for a purchase consideration of €119 million, making it a wholly-owned subsidiary.

For retail financing activities, the funding arrangements are as follows: secured funding from Barclays for the portfolio existing at December 31, 2011; vendor programs with BNP Paribas in Germany and France for new financing generated from January 1, 2012; agreement with Intesa Sanpaolo to fund new financing generated in Italy; and, direct funding of the portfolio in Switzerland and the UK. For dealer financing activities, funding is provided through a pan-European securitization program arranged with Barclays.

In Spain, financial services are managed by Transolver Finance Establecimiento Financiero de Credito S.A. (a 50/50 joint venture with the Santander Group) which is accounted for under the equity method. The company offers both retail and dealer financing. Iveco also provides rental services in Spain through Transolver Service S.A., fully consolidated by Fiat Industrial Group.

In Eastern Europe, the activity is managed by fully-consolidated captive financial services companies.

The contraction in business volumes experienced in 2012 had a negative impact on the number of new vehicles financed and market penetration. Improved profitability for the year reflected improved management of credit risk and a resulting reduction in bad debt charges.

For fully-consolidated financial services companies and the Spanish joint venture, 13,161 new vehicles were financed in 2012, compared to 17,601 vehicles in 2011, and the penetration rate dropped to 21.0% (24.3% in 2011). Total vehicles financed decreased to 18,638 (26,172 in 2011).

FPT INDUSTRIAL

HIGHLIGHTS

(€ million)	2012	2011
Net revenues	2,933	3,220
Trading profit/(loss)	142	107
Operating profit/(loss) (*)	142	106
Investments in tangible and intangible assets	151	155
of which capitalized R&D costs	39	56
Total R&D expenditure (**)	86	104
Employees at year end	8,029	8,008

(*) Includes restructuring costs and net unusual income/(expenses)
(**) Includes capitalized R&D and R&D charged directly to the income statement

OPERATING PERFORMANCE

FPT Industrial produces powertrains for trucks and commercial vehicles, agricultural and construction equipment, and marine applications.

During 2012, the sector's performance was affected by a decline in volumes associated with the contraction in market demand for engines for on-road vehicle applications.

Revenues for the year totaled €2,933 million, a decrease of 8.9% over the prior year attributable to lower volumes to both Group companies and external customers. Sales to external customers accounted for 34% of total revenues, up from 33% in 2011.

A total of 476,786 engines were sold during the year, down 15% over 2011. By major customer, 31% of engines were supplied to Iveco, 27% to CNH, and the remaining 42% to external customers (including Sevel, the Fiat JV for light commercial vehicles, which accounted for 24%). In addition, FPT Industrial delivered 64,154 transmissions (-14% year-over-year) and 154,958 axles (-9%).

As part of its international development activities, in 2012 the sector began working through FPTI Representação Comercial de Motores Automotivos Ltda. in Brazil, whose principal activity is distribution of heavy-duty diesel engines designed and produced by FPT Industrial. In November, FPT Industrial also opened a new distribution center in Shanghai that will service the entire Asia Pacific region.

INNOVATION AND PRODUCTS

FPT Industrial designs and manufactures engines for both on-road and off-road (industrial and agricultural) applications.

During the year, FPT Industrial launched a number of new technologies and products that demonstrated its commitment to research and innovation in support of environmentally sustainable mobility.

At a joint press event at Fiat Industrial Village in May, FPT Industrial and Iveco presented the exclusive new High Efficiency SCR (Selective Catalytic Reduction) technology, designed to achieve compliance with Euro VI emissions standards that come into effect in Europe from January 1, 2014. Based on the proprietary "SCR Only" technology completed in 2011, which has NOx conversion efficiency levels above 95%, the patented High Efficiency SCR system delivers an unprecedented level of performance. This after-treatment system, which uses SCR technology only to achieve Euro VI emissions levels, is unparalleled as it meets the very strict nitrogen oxide limits without the use of exhaust gas recirculation, thereby maintaining top level performance and enabling a reduction in operating costs.

This technology will also be utilized to achieve Tier 4B/Stage IV standards for agricultural and construction equipment, eliminating the need to use diesel particulate filter (DPF) systems, which will give CNH a significant competitive advantage when the new regulations come into effect in 2014. At Intermat 2012 in Paris, FPT Industrial presented its entire range of Tier 4B/Stage IV off-road engines, equipped with the HI-eSCR system, for the North American and European markets.

In 2012, FPT Industrial's production activities in Latin America were expanded with the opening of the new factory in Cordoba in Argentina. The NEF, Cursor and S8000 diesel engines will be produced at the plant in support of Iveco and CNH's activities in the region.

The plant began production of the Cursor 13 Euro V engines for Iveco's Stralis and Trakker vehicles. This was followed later in the year with the launch of the Cursor 9 Euro V engines for Iveco heavy-duty vehicles.

In Brazil, production began on Euro V versions of the NEF4, NEF6, Cursor 9 and Cursor 13 engines for application on Iveco trucks and buses, as well as the Euro V F1 engine family for light commercial vehicles, including the 126 hp F1A for the Fiat Professional Ducato, the 176 hp F1C twin turbo for the Iveco Daily and the F1C for light and medium commercial vehicles.

In addition, 2012 also saw the production launch of the Euro V NEF6 CNG engine for the Peruvian bus manufacturer Modasa.

Production ramp-up continued on the Tier 4A NEF4, NEF6, N45 and Cursor 13 engines, as well as additional versions of the F5C, for application on CNH agricultural and construction equipment. New Tier 4A versions of the NEF and Cursor engines were also launched for the retail market. Production and supply to Perkins of Tier 4A F5C engines with power output above 56 kW also began.

In the power generation segment, FPT Industrial expanded its range of Stage IIIA engines with the launch of the N45 and also began production of the Stage IIIA Cursor 10.

FPT Industrial was present at the IAA Commercial Vehicle Trade Show in Hanover, where it presented the new Euro VI Cursor 8 CNG engine for buses and other on-road vehicles. In awarding the "International Truck of the Year 2013" to the Iveco Stralis Hi-Way, the jury also gave special mention to the contribution of FPT Industrial's Cursor range of engines to the vehicle's fuel efficiency and enhanced environmental profile, and praised the innovative HI-eSCR technology for opening a new avenue in the reduction of noxious emissions on diesel engines.

At EIMA (International Agricultural Machinery Exhibition), New Holland Agriculture won the "2013 Best of Specialized" award for the T4060 F tractor equipped with NEF45 engine from FPT Industrial.

FPT Industrial participated at Auto China 2012 in Beijing, where the SFH joint venture (SAIC Fiat Powertrain Hongyan Co. Ltd.) launched the 480 hp Euro IV Cursor 13 for the Chinese market. The engine was named "Environmental Protection Engine 2012" by *China Auto News* magazine. At the "Parts Industry Summit and Forum" and "Company of the Year Award 2012" organized by HC360.com, FPT Industrial was recognized as the leading brand of engines for its achievements in raising the standard of technology in the construction equipment sector in China. The brand was also recognized for the HI-eSCR system, which was named the most significant technological innovation, and for its efforts toward protecting the environment.

In the marine segment, FPT Industrial presented and launched the NEF67 500 PD unit (500 hp engine with POD Drive) for the U.S. market at the Miami Boat Show. Other activities in the segment included participation at the Buenos Aires Boat Show, which was also the venue for the South American launch of the unit. In October, at the Genoa Boat Show, FPT Industrial presented the 570 hp NEF67, its first marine engine compliant with Tier 3 emissions limits that come into effect in 2013. The Boat Show was also the occasion to celebrate the New York to Bermuda record set at the end of September by an FB Design boat which was equipped with two 650 hp FPT C90 engines and beat the previous record by more than 4 hours.

FPT Industrial signed several major agreements during the year, further strengthening its overall market position. In September, a letter of intent was signed with VDL Bus & Coach, one of the leading bus producers in Europe, to supply the innovative Euro VI Cursor 9 engine with HI-eSCR technology manufactured to the customer's specifications. An agreement was also signed with Ford to supply Cursor 10 engines for its new range of heavy trucks for the EMEA and Latin American markets. In China, an agreement was signed for the supply of 180 Cursor 8 engines that are compliant with National V emissions standards (equivalent to Euro V in Europe). The engines will be used on buses operated by the metropolitan transport authority in Beijing.

FINANCIAL REVIEW – FIAT INDUSTRIAL S.P.A.

The following information is based on the 2012 financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union, and regulations implementing Article 9 of Legislative Decree 38/2005.

OPERATING PERFORMANCE

For 2012, the Company reported net profit of €129 million, representing a €198 million decrease over 2011.

The principal components of the income statement were as follows:

(€ million)	2012	2011
Income from investments		
Dividends	230	450
Personnel and operating costs, net of other income	(29)	(19)
Financial income/(expense)	(87)	(139)
PROFIT/(LOSS) BEFORE TAXES	114	292
Income taxes	15	35
PROFIT/(LOSS) FOR THE YEAR	129	327

Income from investments totaled €230 million (€450 million in 2011) and consisted of dividends from the subsidiary Fiat Netherlands Holding N.V.

Personnel and operating costs, net of other income totaled €29 million, compared with €19 million in 2011.

Specifically:

- **Personnel and other operating** costs of €46 million, a €17 million increase over the prior year principally due to non-recurring items related to the merger with CNH and the notional cost of stock grants. The Company had an average of 71 employees in 2012, compared to an average of 32 in 2011, following acquisition of the "Fiat Industrial Group Internal Audit" business unit on December 1, 2011.
- **Other income** of €17 million (€10 million in 2011) principally related to services rendered, including by management personnel, to Group companies – and in certain limited cases also to companies in Fiat Group. The €7 million increase over 2011 was attributable to Audit services provided to other Group companies.

Net financial expense totaled €87 million and essentially consisted of interest on debt. In 2011, net financial expense totaled €139 million and also included expense incurred for early repayment of a loan from Fiat S.p.A. resulting from the demerger.

Income taxes consisted of €15 million in income (€35 million in 2011), relating to tax losses contributed by Fiat Industrial S.p.A. to the tax consolidation for Group companies in Italy.

STATEMENT OF FINANCIAL POSITION

The principal components of the statement of financial position were as follows:

(€ million)	At 12.31.2012	At 12.31.2011
Non-current assets	6,500	5,784
of which: Investments	6,488	5,778
Working capital	19	19
NET CAPITAL INVESTED	6,519	5,803
EQUITY	3,973	4,077
NET DEBT	2,546	1,726

Non-current assets consisted almost entirely of controlling interests in the principal Group companies.

The €710 million increase in equity investments over December 31, 2011 was due to the recapitalizations of Fiat Netherlands Holdings N.V. (€635 million) and Iveco S.p.A. (€75 million) in February and December 2012, respectively.

Working capital totaled €19 million and consisted of trade receivables/payables, other receivables/payables (from/to tax authorities, employees, etc.) and receivable/payable positions with Group companies participating in the domestic tax consolidation.

Equity totaled €3,973 million at December 31, 2012, a net decrease of €104 thousand over year-end 2011, essentially attributable to the distribution of €240 million in dividends partially offset by €129 million in profit for the year. A more detailed analysis of changes in equity is provided in Fiat Industrial S.p.A.'s financial statements.

Net debt at December 31, 2012 totaled €2,546 million, increasing €820 million over year-end 2011 due primarily to the recapitalization of certain subsidiaries. Net debt consisted of the following:

(€ million)	At 12.31.2012	At 12.31.2011
Current financial assets, cash and cash equivalents	-	-
Current financial liabilities	2,535	1,720
Non-current financial liabilities	11	6
NET DEBT/(CASH)	2,546	1,726

Current financial liabilities shown at December 31, 2012 included an overdraft on the current account held with Fiat Industrial Finance S.p.A.

A more detailed analysis of cash flows is provided in Fiat Industrial S.p.A.'s financial statements.

RECONCILIATION BETWEEN EQUITY AND PROFIT OF THE PARENT COMPANY AND THE GROUP

Pursuant to the Consob Communication of July 28, 2006, the following table provides a reconciliation between the net profit and equity of Fiat Industrial S.p.A. for the year ended December 31, 2012 and the comparable items on a consolidated basis (portion attributable to owners of Fiat Industrial S.p.A.):

(€ million)	Equity at 12.31.2012	2012 Net Profit	Equity at 12.31.2011	2011 Net Profit
FINANCIAL STATEMENTS OF FIAT INDUSTRIAL S.P.A.	3,973	129	4,077	327
Elimination of carrying amounts of consolidated investments and related dividends	(6,487)	(230)	(5,777)	(450)
Equity and profit/(loss) of consolidated entities	7,488	916	6,291	742
Consolidation adjustments:				
- Elimination of intercompany profit/loss on inventories and fixed assets, dividends paid between subsidiaries and other adjustments	(39)	(5)	(36)	5
CONSOLIDATED FINANCIAL STATEMENTS (PORTION ATTRIBUTABLE TO OWNERS OF FIAT INDUSTRIAL S.P.A.)	4,935	810	4,555	624

MOTION FOR APPROVAL OF THE STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2012, ALLOCATION OF PROFIT AND DIVIDEND DISTRIBUTION

Shareholders,

We submit for your approval the Statutory Financial Statements at December 31, 2012, which report profit of €128,609,403 and a retained profit reserve of €730,913,008.

We propose a dividend of €0.225 per ordinary share, equivalent to a maximum total distribution of approximately €275.1 million, consisting of the remaining profit for 2012 of €122,178,933 – following allocation of €6,430,470 to the legal reserve – and a maximum of €152,899,065.45 from the retained profit reserve.

This proposal is in line with the policy adopted by the Board of Directors to distribute between 25% and 35% of the Group's consolidated profit.

The dividend will be payable on April 25, 2013 (ex-dividend date of April 22) on shares on record at April 24, 2013.

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

FIAT INDUSTRIAL GROUP CONSOLIDATED FINANCIAL STATEMENTS

at December 31, 2012

CONSOLIDATED INCOME STATEMENT(*)

(€ million)	Note	2012	2011
Net revenues	(1)	25,785	24,289
Cost of sales	(2)	20,925	20,038
Selling, general and administrative costs	(3)	2,183	2,002
Research and development costs	(4)	560	505
Other income/(expenses)	(5)	(38)	(58)
TRADING PROFIT/(LOSS)		2,079	1,686
Gains/(losses) on the disposal of investments	(6)	(38)	26
Restructuring costs	(7)	166	95
Other unusual income/(expenses)	(8)	(13)	12
OPERATING PROFIT/(LOSS)		1,862	1,629
Financial income/(expenses)	(9)	(458)	(546)
Result from investments:	(10)	81	86
Share of the profit/(loss) of investees accounted for using the equity method		86	97
Other income/(expenses) from investments		(5)	(11)
PROFIT/(LOSS) BEFORE TAXES		1,485	1,169
Income taxes	(11)	564	468
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		921	701
Profit/(loss) from discontinued operations		-	-
PROFIT/(LOSS)		921	701
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		810	624
Non-controlling interests		111	77

(in €)			
BASIC AND DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE	(13)	0.663	0.487
BASIC AND DILUTED EARNINGS/(LOSS) PER PREFERENCE SHARE	(13)		0.487
BASIC AND DILUTED EARNINGS/(LOSS) PER SAVINGS SHARE	(13)		0.533

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated income statement are presented in the specific Income statement schedule provided in the following pages and are further described in Note 35.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	2012	2011
PROFIT/(LOSS) (A)		921	701
Gains/(losses) on cash flow hedges	(24)	45	(43)
Gains/(losses) on fair value of available-for-sale financial assets	(24)	-	-
Gains/(losses) on exchange differences on translating foreign operations	(24)	(225)	(66)
Share of other comprehensive income of entities consolidated by using the equity method	(24)	(47)	21
Income tax relating to components of Other comprehensive income	(24)	(10)	6
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)		(237)	(82)
TOTAL COMPREHENSIVE INCOME (A)+(B)		684	619
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		591	549
Non-controlling interests		93	70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION(*)

(€ million)	Note	At December 31, 2012	At December 31, 2011
ASSETS			
Intangible assets	(14)	4,174	3,909
Property, plant and equipment	(15)	4,572	4,177
Investments and other financial assets:	(16)	531	666
Investments accounted for using the equity method		464	614
Other investments and financial assets		67	52
Leased assets	(17)	622	558
Defined benefit plan assets		256	215
Deferred tax assets	(11)	1,086	1,167
Total Non-current assets		**11,241**	**10,692**
Inventories	(18)	4,843	4,865
Trade receivables	(19)	1,436	1,562
Receivables from financing activities	(19)	15,237	13,946
Current tax receivables	(19)	302	685
Other current assets	(19)	1,117	1,053
Current financial assets:		125	186
Current securities	(20)	4	68
Other financial assets	(21)	121	118
Cash and cash equivalents	(22)	4,611	5,639
Total Current assets		**27,671**	**27,936**
Assets held for sale	(23)	25	15
TOTAL ASSETS		**38,937**	**38,643**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Statement of financial position are presented in the specific Statement of financial position schedule provided in the following pages and are further described in Note 35.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

(€ million)	Note	At December 31, 2012	At December 31, 2011
EQUITY AND LIABILITIES			
Issued capital and reserves attributable to owners of the parent	(24)	4,935	4,555
Non-controlling interests	(24)	787	856
Total Equity		5,722	5,411
Provisions:		4,589	4,540
Employee benefits	(25)	1,941	2,070
Other provisions	(26)	2,648	2,470
Debt:	(27)	20,633	20,217
Asset-backed financing	(27)	9,708	9,479
Other debt	(27)	10,925	10,738
Other financial liabilities	(21)	97	157
Trade payables	(28)	4,843	5,052
Current tax payables		217	660
Deferred tax liabilities	(11)	170	111
Other current liabilities	(29)	2,666	2,495
Liabilities held for sale		-	-
Total Liabilities		33,215	33,232
TOTAL EQUITY AND LIABILITIES		38,937	38,643

CONSOLIDATED STATEMENT OF CASH FLOWS(*)

(€ million)	Note	2012	2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(22)	5,639	3,686
B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR			
Profit/(loss)		921	701
Amortization and depreciation (net of vehicles sold under buy-back commitments and operating leases)		719	666
(Gains)/losses on disposal of:			
Property plant and equipment and intangible assets (net of vehicles sold under buy-back commitments)		(8)	(1)
Investments		38	(26)
Other non-cash items	(37)	192	289
Dividends received		80	57
Change in provisions		73	178
Change in deferred income taxes		103	101
Change in items due to buy-back commitments	(37)	(117)	40
Change in operating lease items	(37)	(89)	(12)
Change in working capital	(37)	(214)	333
TOTAL		1,698	2,326
C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:			
Investments in:			
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating leases)		(1,349)	(993)
Consolidated subsidiaries, net of cash acquired		-	(99)
Other equity investments		(4)	(5)
Proceeds from the sale of:			
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments)		32	10
Other investments		44	1
Net change in receivables from financing activities	(37)	(1,749)	(1,152)
Change in other current securities		61	(47)
Other changes		(9)	19
TOTAL		(2,974)	(2,266)
D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:			
Bonds issued		584	2,557
Issuance of other medium-term borrowings		2,113	1,974
Repayment of other medium-term borrowings		(1,791)	(1,231)
Net change in other financial payables and other financial assets/liabilities	(37)	(109)	(1,429)
Capital increase		10	-
Dividends paid		(480)	(8)
(Purchase)/sale of ownership interests in subsidiaries		-	(1)
TOTAL		327	1,862
Translation exchange differences		(79)	31
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		(1,028)	1,953
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(22)	4,611	5,639

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated statement of cash flows are presented in the specific Statement of cash flows schedule provided in the following pages.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(€ million)	Share capital	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available-for-sale financial assets reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
AT JANUARY 1, 2011	1,913	457	1,276	(25)	335	-	31	757	4,744
Changes in equity for 2011									
Capital increase	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	(8)	(8)
Purchase and sale of ownership interests in subsidiaries from/to non-controlling interests	-	(5)	-	-	-	-	-	22	17
Total comprehensive income for the year	-	-	624	(33)	(63)	-	21	70	619
Other changes	-	-	24	-	-	-	-	15	39
AT DECEMBER 31, 2011	1,913	452	1,924	(58)	272	-	52	856	5,411
Changes in equity for 2012									
Capital increase	6	(6)	-	-	-	-	-	10	10
Dividends distributed	-	-	(240)	-	-	-	-	(240)	(480)
Purchase and sale of ownership interests in subsidiaries from/to non-controlling interests	-	(11)	-	-	-	-	-	57	46
Increase/(decrease) in the Reserve for share-based payments	-	-	6	-	-	-	-	-	6
Total comprehensive income for the year	-	-	810	32	(210)	-	(41)	93	684
Other changes	-	-	34	-	-	-	-	11	45
AT DECEMBER 31, 2012	1,919	435	2,534	(26)	62	-	11	787	5,722

CONSOLIDATED INCOME STATEMENT

PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

		2012		2011	
(€ million)	Note	Total	of which Related parties (Note 35)	Total	of which Related parties (Note 35)
Net revenues	(1)	25,785	1,219	24,289	1,559
Cost of sales	(2)	20,925	987	20,038	846
Selling, general and administrative costs	(3)	2,183	238	2,002	234
Research and development costs	(4)	560	22	505	28
Other income/(expenses)	(5)	(38)	1	(58)	2
TRADING PROFIT/(LOSS)		2,079		1,686	
Gains/(losses) on the disposal of investments	(6)	(38)	-	26	1
Restructuring costs	(7)	166	-	95	-
Other unusual income/(expenses)	(8)	(13)	-	12	-
OPERATING PROFIT/(LOSS)		1,862		1,629	
Financial income/(expenses)	(9)	(458)	2	(546)	(87)
Result from investments:	(10)	81	81	86	86
Share of the profit/(loss) of investees accounted for using the equity method		86	86	97	97
Other income/(expenses) from investments		(5)	(5)	(11)	(11)
PROFIT/(LOSS) BEFORE TAXES		1,485		1,169	
Income taxes	(11)	564		468	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		921		701	
Profit/(loss) from discontinued operations		-		-	
PROFIT/(LOSS)		921		701	
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the parent		810		624	
Non-controlling interests		111		77	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

(€ million)	Note	At December 31, 2012 Total	At December 31, 2012 of which Related parties (Note 35)	At December 31, 2011 Total	At December 31, 2011 of which Related parties (Note 35)
ASSETS					
Intangible assets	(14)	4,174	-	3,909	-
Property, plant and equipment	(15)	4,572	-	4,177	-
Investments and other financial assets:	(16)	531	520	666	664
Investments accounted for using the equity method		464	464	614	614
Other investments and financial assets		67	56	52	50
Leased assets	(17)	622	-	558	-
Defined benefit plan assets		256	-	215	-
Deferred tax assets	(11)	1,086	-	1,167	-
Total Non-current assets		11,241		10,692	
Inventories	(18)	4,843	1	4,865	-
Trade receivables	(19)	1,436	146	1,562	149
Receivables from financing activities	(19)	15,237	18	13,946	12
Current tax receivables	(19)	302	-	685	-
Other current assets	(19)	1,117	23	1,053	9
Current financial assets:		125	-	186	-
Current securities	(20)	4	-	68	-
Other financial assets	(21)	121	-	118	-
Cash and cash equivalents	(22)	4,611	35	5,639	18
Total Current assets		27,671		27,936	
Assets held for sale	(23)	25	-	15	-
TOTAL ASSETS		38,937		38,643	
EQUITY AND LIABILITIES					
Issued capital and reserves attributable to owners of the parent	(24)	4,935	10	4,555	3
Non-controlling interests	(24)	787	-	856	-
Total Equity		5,722		5,411	
Provisions:		4,589	6	4,540	1
Employee benefits	(25)	1,941	1	2,070	1
Other provisions	(26)	2,648	5	2,470	-
Debt:	(27)	20,633	10	20,217	8
Asset-backed financing	(27)	9,708	3	9,479	2
Other debt	(27)	10,925	7	10,738	6
Other financial liabilities	(21)	97	-	157	-
Trade payables	(28)	4,843	262	5,052	292
Current tax payables		217	-	660	-
Deferred tax liabilities	(11)	170	-	111	-
Other current liabilities	(29)	2,666	28	2,495	28
Liabilities held for sale		-	-	-	-
Total Liabilities		33,215		33,232	
TOTAL EQUITY AND LIABILITIES		38,937		38,643	

CONSOLIDATED STATEMENT OF CASH FLOWS

PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

(€ million)	Note	2012 Total	2012 of which Related Parties (Note 35)	2011 Total	2011 of which Related Parties (Note 35)
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(22)	5,639		3,686	
B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:					
Profit/(loss)		921	-	701	-
Amortization and depreciation (net of vehicles sold under buy-back commitments and operating leases)		719	-	666	-
(Gains)/losses on disposal of:					
Property plant and equipment and intangible assets (net of vehicles sold under buy-back commitments)		(8)	-	(1)	-
Investments		38	-	(26)	-
Other non-cash items	(37)	192	-	289	-
Dividends received		80	80	57	57
Change in provisions		73	-	178	1
Change in deferred income taxes		103	-	101	-
Change in items due to buy-back commitments	(37)	(117)	-	40	-
Change in operating lease items	(37)	(89)	-	(12)	-
Change in working capital	(37)	(214)	(9)	333	37
TOTAL		1,698		2,326	
C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:					
Investments in:					
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating leases)		(1,349)	-	(993)	-
Consolidated subsidiaries, net of cash acquired		-	-	(99)	(95)
Other equity investments		(4)	(4)	(5)	-
Proceeds from the sale of:					
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments)		32	-	10	-
Other investments		44	-	1	1
Net change in receivables from financing activities	(37)	(1,749)	(14)	(1,152)	(61)
Change in other current securities		61	-	(47)	-
Other changes		(9)	-	19	-
TOTAL		(2,974)		(2,266)	
D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:					
Bonds issued		584	-	2,557	-
Issuance of other medium-term borrowings		2,113	-	1,974	-
Repayment of other medium-term borrowings		(1,791)	-	(1,231)	-
Net change in other financial payables and other financial assets/liabilities	(37)	(109)	(1)	(1,429)	(2,761)
Capital increase		10	-	-	-
Dividends paid		(480)	(77)	(8)	-
(Purchase)/sale of ownership interests in subsidiaries		-	-	(1)	-
TOTAL		327		1,862	
Translation exchange differences		(79)		31	
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		(1,028)		1,953	
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(22)	4,611		5,639	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

Fiat Industrial S.p.A. is a corporation organized under the laws of the Republic of Italy. Fiat Industrial S.p.A. and its subsidiaries (the "Group") operate in approximately 40 countries. The Group is involved in the manufacture and sale of agricultural and construction equipment, trucks and commercial vehicles and Industrial&Marine engines and transmission systems. The Group was formed on January 1st, 2011 through the demerger of activities from Fiat S.p.A. and their transfer to Fiat Industrial S.p.A. The assets and liabilities were transferred at their existing carrying amounts. For additional information, refer to the 2011 Consolidated Financial Statements.

The Group has its head office in Turin, Italy.

The consolidated financial statements are presented in Euros, the currency of the primary economic environment in which the Group operates.

Fiat Industrial – CNH merger

On May 30, 2012, Fiat Industrial S.p.A. invited the Board of Directors of CNH Global N.V. ("CNH"), in which Fiat Industrial holds an 87% stake, to explore the benefits of a combination in which the two companies would merge into a newly-incorporated Dutch company, or adopt a similar structure, at exchange ratios determined with reference to the undisturbed market prices of Fiat Industrial and CNH shares prior to the transaction being announced (i.e., March/April 2012). The objective of the transaction is to simplify the Group's capital structure by creating a single class of liquid stock, with a primary listing in New York and a secondary listing in Europe (with Milan subsequently being selected), thereby establishing a true peer to the major North American-based capital goods players in both scale and capital market appeal.

Following completion of negotiations between Fiat Industrial and the Special Committee formed by CNH Global N.V.'s Board of Directors, on November 26, 2012, Fiat Industrial and CNH announced that they had entered into a definitive merger agreement. Under the terms of that agreement, Fiat Industrial and CNH will merge into a newly-incorporated Dutch company ("NewCo") with Fiat Industrial shareholders receiving one NewCo share for each Fiat Industrial share held and CNH shareholders receiving 3.828 NewCo shares for each CNH share held. As also established in the agreement, on December 28, 2012, CNH paid minority shareholders a cash dividend of $10 per CNH share. The transaction will be subject to the customary closing conditions, including a cap on the exercise of withdrawal rights by Fiat Industrial shareholders and opposition rights by Fiat Industrial creditors of €325 million in aggregate. The merger is also subject to the approval of shareholders of both Fiat Industrial and CNH.

As the merger represents a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3. Accordingly, no adjustments will be made to the carrying amounts of the assets and liabilities of Fiat Industrial or CNH. This will result in the amounts recognized in the consolidated statement of financial position post-merger being equal to those reported in the statement of financial position for Fiat Industrial Group pre-merger. The only significant accounting effect of the transaction will be the attribution to owners of the parent company post-merger of the non-controlling interests in CNH Global N.V.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The 2012 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are also prepared in accordance with the IFRSs adopted by the European Union, and with the provisions implementing article 9 of Legislative Decree no. 38/2005. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the IFRS Interpretations Committee, formerly the Standing Interpretations Committee ("SIC") and then the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are prepared under the historical cost convention, modified as required for the measurement of certain financial instruments, as well as on a going concern basis. In this respect, despite operating in a continuingly difficult economic and financial environment, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the measures already undertaken by the Group to adapt to the changed levels of demand and its industrial and financial flexibility.

Format of the financial statements

The Group presents an income statement using a classification based on the function of expenses (otherwise known as the "cost of sales" method), rather than one based on their nature, as this is believed to provide information that is more relevant. The format selected is that used for managing the business and for management reporting purposes and is consistent with international practice in the capital goods sector. In this income statement, the Group also presents subtotals for both Trading Profit and Operating Profit. Trading Profit is the measure used by management to assess the trading performance of the Group's businesses and is therefore, together with Operating Profit, one of the measures of segment profit that the Group presents under IFRS. Trading Profit is also presented on a consolidated basis because management believes it is important to consider the Group's profitability on a basis consistent with that of its operating segments. Trading Profit represents Operating Profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either on a year-on-year basis or with other businesses. Management believes that Trading Profit should, therefore, be made available to investors to assist them in their assessment of the trading performance of Group's businesses. Specifically Trading Profit is a measure that excludes Gains/(losses) on the disposal of investments, Restructuring costs and Other "unusual" income/(expenses) which impact, and are indicative of, operational performance, but whose effects occur on a less frequent basis; each of these items is described as follows:

- Gains/(losses) on the disposal of investments are defined as gains or losses incurred on the disposal of investments (both consolidated subsidiaries and unconsolidated associates or other investments), inclusive of transaction costs. The caption also includes gains/losses recognized in business combinations achieved in stages, when the Group's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value.

- Restructuring costs are defined as costs associated with involuntary employee termination benefits pursuant to a one-time benefit arrangement, costs to consolidate or close facilities and relocate employees, and any other cost incurred for the implementation of restructuring plans; those plans reflect specific actions taken by management to improve the Group's future profitability.
- Other unusual income/(expenses) are defined as asset write-downs (of plant, equipment or inventory) and provisions (or their subsequent reversal) arising from infrequent external events or market conditions.

Management excludes the above items from Trading Profit because they are individually or collectively material items that are not considered to be representative of the routine trading performance of the Group's businesses. Operating Profit captures all items which are operational in nature regardless of the rate of occurrence. By distinguishing operational items between Trading Profit and Operating Profit, the Group's performance may be evaluated in a more effective manner, while still disclosing a higher level of detail.

For the Statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1. Companies carrying out industrial activities and those carrying out financial activities are both consolidated in the Group's financial statements. The investment portfolios of financial services companies are included in current assets, as the investments will be realized in their normal operating cycle. Financial services companies, though, obtain funds only partially from the market: the remainder are obtained from Fiat Industrial S.p.A. through the Group's treasury companies (included in industrial companies), which lend funds both to industrial Group companies and to financial services companies as the need arises. This financial service structure within the Group means that any attempt to separate current and non-current liabilities in the Consolidated statement of financial position is not meaningful. Disclosure of the due dates of liabilities is however provided in the notes.

The Statement of cash flows is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, specific supplementary Income Statement, Statement of Financial Position and Statement of Cash Flows formats have been added for related party transactions so as not to compromise an overall reading of the statements.

Basis of consolidation

Subsidiaries

Subsidiaries are enterprises controlled by the Group, as defined in IAS 27 – *Consolidated and Separate Financial Statements*. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries and non-controlling interests in the profit or loss of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the consolidated statement of financial position and income statement respectively. Losses applicable to non-controlling interests which exceed the non-controlling interests in the subsidiary's equity are debited to non-controlling interests.

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the book value of the non-controlling interests and the fair value of the relevant consideration is recognized directly in the equity attributable to the owners of the parent.

If the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the relevant consideration and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Any profits or losses recognized in other comprehensive income in respect of the subsidiary are accounted for as if the subsidiary had been sold (i.e. are reclassified to profit or loss or transferred directly to retained earnings depending on the applicable IFRS). The fair value of any investment retained in the former subsidiary is measured in accordance with IAS 39, IAS 28 or IAS 31, depending on the type of investment.

Subsidiaries that are either dormant or generate a negligible volume of business, are not consolidated. Their impact on the Group's assets, liabilities, financial position and profit/(loss) attributable to the owners of the parent is immaterial.

Jointly controlled entities

Jointly controlled entities are enterprises in which the Group has contractually agreed sharing of control or for which a contractual arrangement exists whereby two or more parties undertake an economic activity that is subject to joint control. Investments in jointly controlled entities are accounted for using the equity method from the date that joint control commences until the date that joint control ceases.

Associates

Associates are enterprises over which the Group has significant influence, but not control or joint control, over the financial and operating policies, as defined in IAS 28 – *Investments in Associates*. The consolidated financial statements include the Group's share of the earnings of associates using the equity method, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate, if any, exceeds the carrying amount of the associate in the Group's balance sheet, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Investments in other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or losses arising from changes in fair value are recognized directly in other comprehensive income until the assets are sold or are impaired, when the cumulative gains and losses previously recognized in equity are recognized in the profit or loss of the period.

Investments in other companies for which fair value is not available or is not reliable are stated at cost less any impairment losses.

Dividends received from these investments are included in Other income/(expenses) from investments.

Transactions eliminated on consolidation

All significant intragroup balances and transactions and any unrealized gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in profit or loss.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average rates of exchange are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

The goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the Euro are recognized in the functional currency and translated at the exchange rate at the acquisition date. These balances are subsequently retranslated at the exchange rate at the balance sheet date.

The principal exchange rates used in 2012 and 2011 to translate into Euros the financial statements prepared in currencies other than the Euro were as follows:

	Average 2012	At December 31, 2012	Average 2011	At December 31, 2011
U.S. dollar	**1.285**	**1.319**	1.392	1.294
Pound sterling	**0.811**	**0.816**	0.868	0.835
Swiss franc	**1.205**	**1.207**	1.233	1.216
Polish zloty	**4.185**	**4.074**	4.121	4.458
Brazilian real	**2.508**	**2.704**	2.327	2.416
Argentine peso	**5.836**	**6.478**	5.742	5.561

In the context of IFRS First-time Adoption, the cumulative translation difference arising from the consolidation of foreign operations outside the Euro zone was set at nil, as permitted by IFRS 1; gains or losses on subsequent disposal of any foreign operation only include accumulated translation differences arising after January 1, 2004.

Business Combinations

Business combinations are accounted for by applying the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at that date, except for the following which are measured in accordance with the relevant standard:

- deferred tax assets and liabilities;
- assets and liabilities relating to employee benefit arrangements;
- liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree;
- assets (or disposal groups) that are classified as held for sale.

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain from a bargain purchase.

Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis.

Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date. Any changes in fair value after the measurement period are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Changes in the equity interest in the acquiree that have been recognized in Other comprehensive income in prior reporting periods are reclassified to profit or loss as if the interest had been disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete in the consolidated financial statements. Those provisional amounts are adjusted during the above-mentioned measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to January 1, 2010 were accounted for in accordance with the previous version of IFRS 3.

Intangible assets

Goodwill

Goodwill arising on business combinations is initially measured at cost as established at the acquisition date, as defined in the above paragraph. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On disposal of part or whole of a business which was previously acquired and which gave rise to the recognition of goodwill, the remaining amount of the related goodwill is included in the determination of the gain or loss on disposal.

In the context of IFRS First-time Adoption, the Fiat Group elected not to apply IFRS 3 – *Business Combinations* retrospectively to the business combinations that occurred before January 1, 2004; as a consequence, goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Italian GAAP amounts, subject to impairment testing at that date.

Development costs

Development costs for vehicle project production (trucks, buses, agricultural and construction equipment and engines) are recognized as an asset if and only if both of the following conditions are met: that development costs can be measured reliably and that the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process. Capitalized development costs are amortized on a systematic basis from the start of production of the related product over the product's estimated average life, as follows:

	N° of years
Trucks and Buses	4-8
Agricultural and Construction Equipment	5
Engines	8-10

All other development costs are expensed as incurred.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired.

Other intangible assets

Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.

Other intangible assets acquired as part of the acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.

Property, plant and equipment

Cost

Property, plant and equipment are stated at acquisition or production cost.

Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized in profit or loss.

Property, plant and equipment also include vehicles sold with a buy-back commitment, which are recognized under the method described in the paragraph Revenue recognition if the buy-back commitment originates from Iveco.

Assets held under finance leases, which provide the Group with substantially all the risks and rewards of ownership, are recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a debt. The assets are depreciated by the method and at the rates indicated below.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease expenditures are expensed on a straight-line basis over the lease terms.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Depreciation rates
Buildings	2.5% - 10%
Plant, machinery and equipment	6.25% - 20%
Other assets	10% - 25%

Land is not depreciated.

Finance leases

Future minimum lease payments from lessees are classified as Receivables from financing activities. Lease payments are recognized as the repayment of the principal and financial income remunerating the initial investment and the services provided.

Leased assets

Leased assets include vehicles leased to retail customers by the Group's leasing companies under operating lease arrangements. They are stated at cost and depreciated at annual rates of between 20% and 33%.

When such assets are no longer leased and become held for sale, the Group reclassifies their carrying amount to Inventories.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (as defined under IAS 23 – *Borrowing Costs*), which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized and amortized over the useful life of the class of assets to which they refer.

All other borrowing costs are expensed when incurred.

Impairment of assets

The Group reviews, at least annually, the recoverability of the carrying amount of intangible assets (including capitalized development costs) and property, plant and equipment, in order to determine whether there is any indication that those assets have suffered an impairment loss. If indicators of impairment are present, the carrying amount of the asset is reduced to its recoverable amount. Intangible assets with indefinite useful life are tested for impairment annually, or more frequently, if there is an indication that an asset may be impaired.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. Where an impairment loss for assets other than goodwill subsequently no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. A reversal of an impairment loss is recognized in profit or loss immediately.

Financial instruments

Presentation

Financial instruments held by the Group are presented in the financial statements as described in the following paragraphs.

Investments and other non-current financial assets comprise investments in unconsolidated companies and other non-current financial assets (held-to-maturity securities, non-current loans and receivables and other non-current available-for-sale financial assets).

Current financial assets, as defined in IAS 39, include trade receivables, receivables from financing activities (retail financing, dealer financing, lease financing and other current loans to third parties), current securities and other current financial assets (which include derivative financial instruments stated at fair value as assets), as well as cash and cash equivalents.

In particular, Cash and cash equivalents include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value.

Current securities include short-term or marketable securities which represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents; current securities include both available-for-sale and held-for-trading securities.

Financial liabilities refer to debt, which includes asset-backed financing, and other financial liabilities (which include derivative financial instruments stated at fair value as liabilities), trade payables and other payables.

Measurement

Investments in unconsolidated companies classified as non-current financial assets are accounted for as described in the section Basis of consolidation.

Non-current financial assets other than investments, as well as current financial assets and financial liabilities, are accounted for in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*.

Current financial assets and held-to-maturity securities are recognized on the basis of the settlement date and, on initial recognition, are measured at fair value (corresponding to acquisition cost), including transaction costs.

Subsequent to initial recognition, available-for-sale and held-for-trading financial assets are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques e.g. discounted cash flow analysis based on market information available at the balance sheet date.

Gains and losses on available-for-sale financial assets are recognized directly in other comprehensive income until the financial asset is disposed of or is determined to be impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to profit or loss for the period; when the asset is impaired, accumulated losses are recognized to profit or loss. Gains and losses arising from changes in the fair value of held-for-trading financial instruments are included in profit or loss for the period.

Loans and receivables which are not held by the Group for trading (loans and receivables originating in the course of business), held-to-maturity securities and all financial assets for which published price quotations in an active market are not available and whose fair value cannot be determined reliably, are measured, to the extent that they have a fixed term, at amortized cost, using the effective interest method. When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in profit or loss for the period.

Except for derivative instruments, financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in the respective hedged risk, are recognized in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured in accordance with IAS 39 at fair value.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- *Fair value hedges* – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss.
- *Cash flow hedges* – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. The cumulative gain or loss is removed from other comprehensive income and recognized in profit or loss at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in profit or loss immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income and is recognized in profit or loss at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income is recognized in profit or loss immediately.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in profit or loss.

Transfers of financial assets

The Group derecognizes financial assets when, and only when, the contractual rights to the cash flows arising from the assets no longer hold or if the Group transfers the financial activities. When the Group transfers a financial asset:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset and recognizes separately as assets or liabilities any possible rights and obligations created or retained in the transfer;
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset;
- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case:
  - if the Group has not maintained control, it derecognizes the financial asset and recognizes separately as assets and liabilities any possible rights and obligations created or retained in the transfer;
  - if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in profit or loss.

Inventories

Inventories of raw materials, semi-finished products and finished goods, (including assets leased out under operating leases) are stated at the lower of cost and net realizable value, cost being determined on a first in-first-out (FIFO) basis. Cost includes the direct costs of materials, labor and indirect costs (variable and fixed). Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

The measurement of construction contracts is based on the stage of completion determined as the proportion that cost incurred to the balance sheet date bears to the estimated total contract cost. These items are presented net of progress billings received from customers. Any losses on such contracts are fully recorded in profit or loss when they become known.

Assets and liabilities held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

Employee benefits

Pension plans

Employees of the Group participate in several defined benefit and/or defined contribution pension plans in accordance with local conditions and practices in the countries in which the Group operates.

The Group's obligation to fund defined benefit pension plans and the annual cost recognized in profit or loss are determined on an actuarial basis using the projected unit credit method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets at the end of the previous year is amortized over the average remaining service lives of the employees (the "corridor approach"). It should be noted that in the context of IFRS First-time Adoption the Fiat Group elected to recognize all cumulative actuarial gains and losses existing at January 1, 2004 even though it decided to use the corridor approach for subsequent actuarial gains and losses.

The post-employment benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses, arising from the application of the corridor method and unrecognized past service cost, reduced by the fair value of plan assets. Any net asset resulting from this calculation is recognized at the lower of its amount and the total of any cumulative unrecognized net actuarial losses and past service cost, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

If changes are made to a plan that alter the benefits due for past service or if a new plan is introduced regarding past service then past service costs are recognized in profit or loss on a straight-line basis over the average period remaining until the benefits become vested. If a change is made to a plan that significantly reduces the number of employees who are members of the plan or that alters the conditions of the plan such that employees will no longer be entitled to the same benefits for a significant part of their future service, or if such benefits will be reduced, the profit or loss arising from such changes is immediately recognized in profit or loss.

All other costs and income arising from the measurement of pension plan provisions are allocated to costs by function in profit or loss, except for interest cost on unfunded defined benefit plans which is reported as part of Financial expenses.

Costs arising from defined contribution plans are recognized as an expense in profit or loss as incurred.

Post-employment plans other than pensions

The Group provides certain post-employment defined benefits, mainly health care plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

The scheme underlying the Employee leaving entitlements in Italy of the Italian Group companies (the TFR) was classified as a defined benefit plan until December 31, 2006. The legislation regarding this scheme and leading to this classification was amended by Law no. 296 of December 27, 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the consolidated financial statements for those benefits accruing up to December 31, 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

Equity compensation plans

The Group provides additional benefits to certain members of senior management and employees through equity compensation plans (stock option plans and stock grants). In accordance with IFRS 2 – *Share-based Payment*, these plans represent a component of recipient remuneration. The compensation expense, corresponding to the fair value of the instruments at the grant date, is recognized in profit or loss on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement.

Provisions

The Group records provisions when it has an obligation, legal or constructive, to a third party, when it is probable that an outflow of Group resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

Changes in estimates are reflected in profit or loss in the period in which the change occurs.

Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Revenue recognition

Revenue is recognized if it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue can be measured reliably. Revenues are stated net of discounts, allowances and returns, as well as costs for sales incentive programs, determined on the basis of historical costs, country by country, and charged against profit for the period in which the corresponding sales are recognized. The Group's sales incentive programs include the granting of retail financing at significant discount to market interest rates. The corresponding cost is recognized at the time of the initial sale.

Revenues from the sale of products are recognized when the risks and rewards of ownership of the goods are transferred to the customer, the sales price is agreed or determinable and receipt of payment can be assumed: this corresponds generally to the date when the vehicles are made available to non-group dealers, or the delivery date in the case of direct sales. New vehicle sales with a buy-back commitment are not recognized at the time of delivery but are accounted for as operating leases when it is probable that the vehicle will be bought back. More specifically, vehicles sold with a buy-back commitment from Iveco are accounted for as Property, plant and equipment because agreements usually have a long-term buy-back commitment. The difference between the carrying value (corresponding to the manufacturing cost) and the estimated resale value (net of refurbishing costs) at the end of the buy-back period is depreciated on a straight-line basis over the same period. The initial sale price received is recognized as an advance payment (liability). The difference between the initial sale price and the buy-back price is recognized as rental revenue on a straight-line basis over the term of the operating lease. Assets sold under a buy-back commitment that are initially recognized in Property, plant and equipment are reclassified to Inventories at the end of the agreement term if they are held for sale. The proceeds from the sale of such assets are recognized as Revenues.

Revenues from construction contracts are recognized by reference to the stage of completion.

Revenues from the sale of extended warranties and maintenance contracts are recognized over the period during which the service is provided.

Revenues also include lease rentals and interest income from financial services companies.

Cost of sales

Cost of sales comprises the cost of manufacturing products and the acquisition cost of purchased merchandise which has been sold. It includes all directly attributable material and production costs and all production overheads. These include the depreciation of property, plant and equipment and the amortization of intangible assets relating to production and write-downs of inventories. Cost of sales also includes freight and insurance costs relating to deliveries to dealers and agency fees in the case of direct sales.

Cost of sales also includes provisions made to cover the estimated cost of product warranties at the time of sale to dealer networks or to the end customer.

Expenses which are directly attributable to the financial services businesses, including the interest expense related to the financing of financial services businesses as a whole and charges for risk provisions and write-downs, are reported in cost of sales.

Research and development costs

This item includes research costs, development costs not eligible for capitalization and the amortization of development costs recognized as assets in accordance with IAS 38 (see Notes 4 and 14).

Government grants

Government grants are recognized in the financial statements when there is reasonable assurance that the company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and is accounted for in accordance with the policies already used for the recognition of government grants.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Taxes on income are recognized in profit or loss except to the extent that they relate to items directly charged or credited to other comprehensive income, in which case the related income tax effect is recognized in other comprehensive income. Provisions for income taxes that could arise on the distribution of a subsidiary's undistributed profits are only made where there is a current intention to distribute such profits. Other taxes not based on income, such as property taxes and capital taxes, are included in operating expenses. Deferred taxes are provided using the full liability method. They are calculated on all temporary differences between the tax base of an asset or liability and the carrying amounts in the consolidated financial statements, except for those arising from non-tax-deductible goodwill and those related to investments in subsidiaries where it is possible to control the reversal of the differences and reversal will not take place in the foreseeable future. Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to taxable income in the periods in which temporary differences reverse or expire.

Dividends

Dividends payable by the Group are reported as a movement in equity in the period in which they are approved by shareholders in their Annual General Meeting.

Earnings per share

Basic earnings per share are calculated by dividing the profit/(loss) attributable to owners of the parent entity by the weighted average number of shares outstanding during the year.

For diluted earnings per share the weighted average number of shares outstanding has not been modified because no dilutive instruments have been issued by Fiat Industrial S.p.A.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on elements known at the date of preparation of the financial statements, on historical experience and on other factors that are considered to be relevant. Actual results could differ from those estimates.

In this respect the situation caused by the profound economic and financial crisis which began in 2008 has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, it cannot be excluded that results may arise during the next year which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of the items in question, which at the present moment can clearly neither be estimated nor predicted. The main items affected by these situations of uncertainty are the allowances for doubtful accounts receivable and inventories, non-current assets (tangible and intangible assets), the residual values of vehicles leased out under operating lease arrangements or sold with buy-back clauses, sales allowances, product warranties, pension and other post-retirement benefits, deferred tax assets and contingent liabilities.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and the key assumptions concerning the future, that management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects management's estimate of losses inherent in the wholesale and retail credit portfolio. This allowance is based on the Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, this could lead to a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the loss in value expected by the Group, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Recoverability of non-current assets (including goodwill)

Non-current assets include property, plant and equipment, intangible assets (including goodwill), investments and other financial assets. Management reviews the carrying value of non-current assets held and used and that of assets to be disposed of when events and circumstances warrant such a review. Management performs this review using estimates of future cash flows from the use or disposal of the asset and a suitable discount rate in order to calculate present value. If the carrying amount of a non-current asset is considered impaired, the Group recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to its most recent business forecasts.

In view of the present economic and financial situation, the Group has the following considerations in respect of its future prospects:

- In this context, when preparing figures for the consolidated financial statements for the year ended December 31, 2012 and more specifically when carrying out impairment testing of tangible and intangible assets, the various segments of the Group have taken into account their performance for 2013 as forecast in the budgets of the Fiat Industrial Group, with assumptions and results consistent with the statements made in the section Significant events subsequent to the year end and outlook. In addition, for subsequent years they have taken into account the internal forecasts and targets for the years 2014 – 2016. These forecasts did not indicate the need to recognize any significant impairment losses.
- In addition, should the assumptions underlying the forecast deteriorate further the following is noted:
  - The Group's tangible assets and intangible assets with a finite useful life (which essentially regard development costs) relate to models or products having a high technological content in line with the latest environmental laws and regulations, which consequently renders them competitive in the present economic situation, especially in the more mature economies in which particular attention is placed on the eco-sustainability of those types of products. As a result, therefore, despite the fact that the capital goods sector (in particular, commercial vehicles and construction equipment in certain specific geographical areas) is one of the markets most affected by the crisis in the immediate term, it is considered highly probable that the life cycle of these products can be lengthened to extend over the period of time involved in a slower economic recovery, in this way allowing the Group to achieve sufficient earnings flows to cover the investments, albeit over a longer timescale.

- Around 96% of capitalized goodwill relates to the CNH business amounting to €1,840 million at December 31, 2012. Detailed analyses using various methodologies were carried out to test its recoverability; the underlying considerations are described in Note 14.

Residual values of assets leased out under operating lease arrangements or sold with a buy-back commitment

The Group reports assets rented to customers or leased to them under operating leases as tangible assets. Furthermore, new vehicle sales with a buy-back commitment are not recognized as sales at the time of delivery but are accounted for as operating leases if it is probable that the vehicle will be bought back. The Group recognizes income from such operating leases on a straight-line basis over the term of the lease. Depreciation expense for assets subject to operating leases is recognized on a straight-line basis over the lease term in amounts necessary to reduce the cost of an asset to its estimated residual value at the end of the lease term. The estimated residual value of leased assets is calculated at the lease inception date on the basis of published industry information and historical experience.

Realization of the residual values is dependent on the Group's future ability to market the assets under the then-prevailing market conditions. The Group continually evaluates whether events and circumstances have occurred which impact the estimated residual values of the assets on operating leases. The used vehicle market was carefully monitored throughout 2012 to ensure that write-downs were properly determined. It cannot however be excluded that additional write-downs may be needed if market conditions should deteriorate even further.

Sales allowances

At the later time of sale or the time an incentive is announced to dealers, the Group recognizes the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. There may be numerous types of incentives available at any particular time. The determination of sales allowances requires management estimates based on different factors.

Product warranties

The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information on the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimize warranty expenses arising from claims.

Pension and other post-retirement benefits

Group companies sponsor defined benefits plans in various countries, mainly in the United States, in the United Kingdom and in Germany.

Employee benefit liabilities and the related assets and the costs and net interest expense connected with them are measured on an actuarial basis which requires the use of estimates and assumptions to determine the net liability or net asset for the Group. The actuarial method takes into consideration parameters of a financial nature such as the discount rate, the expected rate of return on plan assets, the growth rate of salaries and the growth rate of health care costs and takes into consideration the likelihood of potential future events by using parameters of a demographic nature such as mortality rates and dismissal or retirement rates. In particular, the discount rates selected are based on yields or yield curves of high quality corporate bonds in the relevant market. The expected returns on plan assets are determined on the basis of expectations for long-term capital market returns, inflation, current bond yields and other variables, adjusted for any specific aspects of the asset investment strategy. Trends in health care costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends. Salary growth rates reflect the Group's long-term actual expectation in the reference market and inflation trends. Changes in any of these assumptions may have an effect on future contributions to the plans.

The effects resulting from revising the estimates for the above parameters are not recognized in the statement of financial position and in profit or loss when they arise but are recognized using the "corridor method" adopted by the Group: a detailed explanation of the way in which the method for recognizing the actuarial gains and losses arising from the measurement of the liabilities and assets relating to employee benefits works may be found in the Employee benefits section above.

Significant future changes in the yields of corporate bonds, other actuarial assumptions referred to above and return on plan assets may significantly impact on the liability and the unrecognized actuarial gains and losses.

Realization of deferred tax assets

At December 31, 2012, the Group had deferred tax assets and theoretical tax benefits arising from tax loss carry forwards of €1,414 million, of which €498 million is not recognized in the financial statements. The corresponding totals at December 31, 2011 were €1,558 million and €502 million, respectively. Management has recorded these valuation allowances to reduce deferred tax assets to the amount that it believes it is probable will be recovered. In making these adjustments, management has taken into consideration figures from budgets and forecasts consistent with those used for impairment testing and discussed in the preceding paragraph relating to the recoverable amount of non-current assets. Moreover, the adjustments that have been recognized are considered to be sufficient to protect against the risk of a further deterioration of the assumptions in these forecasts, taking account of the fact that the net deferred assets accordingly recognized relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the term implicit in the above-mentioned estimates.

Contingent liabilities

The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Accounting standards, amendments and interpretations adopted from January 1, 2012

On October 7, 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments allow users of financial statements to improve their understanding of transfers ("derecognition") of financial assets, including an understanding of the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period, and is applicable on a prospective basis. The Group adopted the amendments from January 1, 2012. The application of these amendments did not have any significant effect on the measurement of the related items in the financial statements and had limited effects on the disclosures presented in this Annual Report; in this regard, reference should be made to the above paragraph Transfers of financial assets and to Note 19 with reference to the transfer of receivables.

Accounting standards, amendments and interpretations effective from January 1, 2012 but not applicable to the Group

On December 20, 2010, the IASB issued amendments to IAS 12 – *Income Taxes* which clarify the accounting for deferred tax relating to investment properties measured at fair value. The amendments introduce the presumption that the carrying amount of deferred taxes relating to investment properties measured at fair value under IAS 40 will be recovered through sale. As a result of the amendments, SIC – 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* no longer applies. The amendments should be applied retrospectively from January 1, 2012. The matters addressed by the amendments do not apply to the Group.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group

The accounting standards, amendments and interpretations described in the following have already been endorsed by the European Union at the date of this Annual Report.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* replacing SIC – 12 – *Consolidation-Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (which has been renamed *Separate Financial Statements* and addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective retrospectively from January 1, 2013. The European Union has completed its endorsement process, postponing the effective date to January 1, 2014 and permitting early application; the Group has elected to early adopt the standard from January 1, 2013. Application of this standard is not expected to have significant effects on the Group's financial statements.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements* superseding IAS 31 – *Interests in Joint Ventures* and SIC – 13 – *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form, and requires the use of a single method to account for interests in jointly controlled entities, the equity method. The standard is effective retrospectively from January 1, 2013. Following the issue of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly controlled entities in its scope of application (from the effective date of the standard). The European Union has completed its endorsement process, postponing the effective date to January 1, 2014 and permitting early application; the Group has elected to early adopt the standard from January 1, 2013. Application of this standard is not expected to have significant effects on the Group's financial statements.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective for annual periods beginning after January 1, 2013. The European Union has completed its endorsement process, postponing the effective date to January 1, 2014 and permitting early application; the Group has elected to early adopt the standard from January 1, 2013. Application of this standard is not expected to have significant effects on the Group's financial statements.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which clarifies the determination of fair value for the purpose of the financial statements and is applicable to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from January 1, 2013. Application of this standard is not expected to have significant effects on the Group's financial statements.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits*, applicable retrospectively from the year beginning January 1, 2013. The amendment modifies the requirements for recognizing defined benefit plans and termination benefits. The main changes concerning defined benefit plans regard the recognition of the entire plan deficit or surplus in the balance sheet, the introduction of net interest expense and the classification of net interest expense arising from defined benefit plans. In detail:

- Recognition of the plan deficit or surplus: the amendment removes the previous option of being able to defer actuarial gains and losses under the "corridor method", requiring these to be recognized directly in other comprehensive income. In addition, the amendment requires the immediate recognition of past service costs in profit or loss.
- Net interest expense: the concepts of interest expense and expected return on plan assets are replaced by the concept of net interest expense on the net plan deficit or surplus, which consists of:
  - the interest expense calculated on the present value of the liability for defined benefit plans,
  - the interest income arising from the valuation of the plan assets, and
  - the interest expense or income arising from any limits to the recognition of the plan surplus.

  Net interest expense is calculated for all components by using the discount rate applied for measuring the obligation for defined benefit plans at the beginning of the period. In accordance with the current version of IAS 19, the expected return on plan assets is calculated by using a long-term expected rate of return.
- Classification of net interest expense: in accordance with the new definition of net interest expense set out in the standard, net interest expense on defined benefit plans will be recognized as Financial income/(expenses) in the income statement. Under the current version of IAS 19, the Group is recognizing all the income and expense arising from the measurement of defined benefit plans by functional area, except for the financial cost relating to unfunded defined benefit plans which is included in Financial income/(expenses).

In accordance with the transitional rules included in paragraph 173 of IAS 19, the Group will apply this amendment retrospectively from January 1, 2013, adjusting the balances of the balance sheet at December 31, 2011 and the income statement balances for 2012 as if the amendments to IAS 19 had always been applied. At the date of this report, the Group has calculated that the adoption of the standard will lead to a decrease in equity of €168 million and €324 million at December 31, 2011 and 2012, respectively, and a decrease of €18 million in net income for 2012.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring companies to group items presented in comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendment is applicable for periods beginning on or after July 1, 2012; the Group will apply this amendment from January 1, 2013. Applying this amendment will have no effect on the measurement of items in the financial statements.

On December 16, 2011, the IASB issued certain amendments to IAS 32 – *Financial Instruments: Presentation* to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively.

On December 16, 2011, the IASB issued certain amendments to IFRS 7 – *Financial Instruments: Disclosures.* The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. Entities are required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively. Applying these amendments will have no effect on the measurement of items in the Group's financial statements.

The European Union had not yet completed its endorsement process for the following standards and amendments at the date of this Annual Report:

- On November 12, 2009, the IASB issued a new standard IFRS 9 – Financial Instruments that was subsequently amended. The standard, having an effective date for mandatory adoption of January 1, 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognized in other comprehensive income and are not subsequently reclassified to profit or loss.
- On May 17, 2012, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs 2009-2011 Cycle") that are applicable retrospectively from January 1, 2013; set out below are those that will lead to changes in the presentation, recognition or measurement of financial statement items, excluding those that only regard changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Group:

- IAS 1 – Presentation of Financial Statements: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies and when an entity provides comparative information in addition to the minimum comparative financial statements;
- IAS 16 – Property, Plant and Equipment: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment, otherwise such items shall be classified as inventory;
- IAS 32 – Financial instruments: Presentation: the amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that this shall be recognized in profit or loss to the extent the distribution refers to income generated by transactions originally recognized in profit or loss;
- IAS 34 – Interim Financial Reporting: the amendment clarifies that the disclosures for total assets and total liabilities for a particular reportable segment shall be provided if and only if:

  a) a measure of total assets and liabilities, or both, is regularly provided to the chief operating decision maker, and

  b) there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

RISK MANAGEMENT

Credit risk

The Group's credit concentration risk differs in relation to the activities carried out by the individual segments and various sales markets in which the Group operates; in all cases, however, the risk is mitigated by the large number of counterparties and customers. Considered from a global point of view, however, there is a concentration of credit risk in trade receivables and receivables from financing activities, in particular dealer financing and finance leases in the European Union market for Iveco, and in North America for CNH, as well as in Latin America for the main segments.

Financial assets are recognized in the statement of financial position net of write-downs for the risk that counterparties may be unable to fulfill their contractual obligations, determined on the basis of the available information as to the creditworthiness of the customer and historical data.

Liquidity risk

The Group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralized basis, under the control of the Group Treasury. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of the Group's capital resources.

Additionally, as part of its activities the Group regularly carries out funding operations on the various financial markets which may take on different technical forms and which are aimed at ensuring that it has an adequate level of current and future liquidity.

The continuation of a difficult economic situation in the markets in which the Group operates and the uncertainties that characterize the financial markets necessitate giving special attention to the management of liquidity risk. In that sense measures taken to generate financial resources through operations and to maintain an adequate level of available liquidity are an important factor in ensuring normal operating conditions and addressing strategic challenges over the next few years. The Group therefore plans to meet its requirements to settle liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans and making recourse to the bond market and other forms of funding.

Interest rate risk and currency risk

As a multinational group that has operations throughout the world, the Group is exposed to market risks from fluctuations in foreign currency exchange and interest rates.

The exposure to foreign currency risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

The exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group regularly assesses its exposure to interest rate and foreign currency risk and manages those risks through the use of derivative financial instruments in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange and interest rates connected with future cash flows and assets and liabilities, and not for speculative purposes.

The Group utilizes derivative financial instruments designated as fair value hedges, mainly to hedge:

- the currency risk on financial instruments denominated in foreign currency;
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly currency swaps, forward contracts, interest rate swaps and combined interest rate and currency financial instruments.

The Group uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a pre-defined mix of floating versus fixed rate funding structured loans.

The exchange rate exposure on forecasted commercial flows is hedged by currency swaps, forward contracts and currency options. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements.

Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 21.

Additional qualitative information on the financial risks to which the Group is exposed is provided in Note 33.

SCOPE OF CONSOLIDATION

The consolidated financial statements of the Group as of December 31, 2012 include Fiat Industrial S.p.A. and 204 consolidated subsidiaries in which Fiat Industrial S.p.A., directly or indirectly, has a majority of the voting rights, over which it exercises control, or from which it is able to derive benefit by virtue of its power to govern corporate financial and operating policies. A total of 193 subsidiaries were consolidated at December 31, 2011.

Excluded from consolidation are 23 subsidiaries that are either dormant or generate a negligible volume of business: their proportion of the Group's assets, liabilities, financial position and earnings is immaterial. In particular, 18 of such subsidiaries are accounted for using the cost method, and represent in aggregate less than 0.01 percent of Group revenues, equity and total assets.

There have been no significant changes in the scope of consolidation during 2012. The following changes occurred:

- The Group has consolidated the income statement of its investment in Iveco Finance Holdings Limited ("IFHL"), renamed Iveco Capital Limited during 2012, on a line-by-line basis since January 1, 2012, while the balance sheet was first consolidated on a line-by-line-basis at December 31, 2011. Additional information on the accounting treatment of this transaction is included in the paragraph Business combinations below.
- The Group has consolidated its interest in Iveco Provence group (formerly known as the Patascia group) on a line-by-line basis since January 1, 2012; Iveco acquired a 100% interest in this dealer in the second quarter of 2011, but it was not consolidated on a line-by-line basis in the Fiat Industrial Group financial statements at December 31, 2011 due to a lack of certain of the information required to prepare the notes in a consistent manner. The total assets and net revenues of Iveco Provence group were considered not significant compared to those of the Group and the interest in this group was accounted for using the equity method at that date.

For completeness of information, it is recalled that in December 2012 CNH sold its 20% interest in Kobelco Construction Machinery Co., Ltd., an associate previously accounted for using the equity method.

Interests in jointly controlled entities (16 companies at December 31, 2012 and 2011) are accounted for using the equity method. Condensed financial information relating to the Group's pro-rata interest in these entities is as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Non-current assets	282	262
Current assets	913	931
Total Assets	**1,195**	**1,193**
Debt	232	194
Other liabilities	548	573

The combined amounts of the Group's share in the principal income statement items of jointly controlled entities accounted for using the equity method are as follows:

(€ million)	2012	2011
Net revenues	1,517	1,421
Trading profit/(loss)	80	77
Operating profit/(loss)	81	78
Profit/(loss) before taxes	75	90
Profit/(loss)	61	71

At December 31, 2012, 6 associates are accounted for using the equity method (8 associates at December 31, 2011), while 3 associates, that in aggregate are of minor importance, are accounted for using the cost method (3 associates at December 31, 2011). The main aggregate amounts related to the Group interests in associates are as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Total assets	804	1,239
Total liabilities	714	1,049

(€ million)	2012	2011
Net revenues	589	586
Profit/(loss)	11	18

The main aggregate amounts related to the Group's interests in associates accounted for using the cost method are as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Total assets	91	101
Liabilities	88	87

(€ million)	2012	2011
Net revenues	20	49
Profit/(loss)	(6)	(6)

BUSINESS COMBINATIONS

No business combinations took place in 2012.

Acquisition of Iveco Capital Limited

During the fourth quarter of 2011, the Group established the means for carrying out a mutual dissolution of the joint venture with Barclays, IFHL, renamed Iveco Capital Limited during 2012, which managed the financial services activities (end customers and dealers) of Iveco in Italy, Germany, France, the UK and Switzerland. In accordance with that agreement, Iveco has had to arrange for financing the new portfolio of Iveco Capital Limited since January 1, 2012, and in May 2012 purchased the remaining 51% of Iveco Capital Limited from Barclays at a price of €119 million, thereby acquiring 100% ownership.

Financial services provided to end customers are now managed in the following manner: secured funding with Barclays of the outstanding portfolio at December 31, 2011; vendor program agreements with BNP-Paribas in Germany and in France for the new portfolio originating on or after January 1, 2012; an agreement in Italy with Intesa Sanpaolo for financing the new portfolio; direct financing of the portfolio in Switzerland and in the UK. The funding of dealer financing activities is ensured through a three-years pan-European securitization program with Barclays.

In terms of the accounting treatment of this operation, it is recalled that, in consideration of the agreements entered into with Barclays at the end of December 2011, the Group accounted for its investment in Iveco Capital Limited at December 31, 2011 by consolidating the company's balance sheet on a line-by-line basis at that date. The operation was treated as a business combination achieved in stages in accordance with IFRS 3 - *Business Combinations*.

As permitted by this standard, the identifiable assets acquired and the identifiable liabilities assumed were provisionally recognized at their carrying amounts in the consolidated financial statements of Iveco Capital Limited at December 31, 2011 while waiting for the calculation of the fair value of certain items at the Acquisition date (identified as December 31, 2011) to be completed. This measurement process was completed during the third quarter of 2012 and led to the conclusion that the provisional values represent their fair value at the Acquisition date, except for an insignificant change in debt (€1 million) with a corresponding change in goodwill. The identifiable assets acquired and liabilities assumed were therefore recognized at their Acquisition date fair value, except for deferred taxes and certain obligations associated with employee benefits which were recognized in accordance with the applicable standard, as required by IFRS 3:

(€ million)	At the Acquisition date
Intangible assets	3
Property, plant and equipment	-
Investments and other financial assets	-
Leased assets	5
Defined benefit plan assets	-
Deferred tax assets	48
Total non-current assets	**56**
Inventories	17
Trade receivables	76
Receivables from financing activities	2,613
Current tax receivables	1
Other current assets	22
Current financial assets	-
Cash and cash equivalents	30
Total current assets	**2,759**
Assets held for sale	-
Total assets acquired (a)	**2,815**
Provisions	8
Debt	2,433
Other financial liabilities	-
Trade payables	106
Current tax payables	-
Deferred tax liabilities	23
Other current liabilities	21
Liabilities held for sale	-
Total liabilities assumed (b)	**2,591**
Net assets acquired/(net liabilities assumed) (a) – (b)	**224**

Goodwill arising from the acquisition, amounting to €10 million, was determined at the end of the measurement period as follows:

(€ million)	At the Acquisition date
Consideration due for the purchase of the remaining interest of 51%	119
Fair value of the previously-held interest (49%)	115
Amount assigned to non-controlling interests	-
Less: Net assets acquired	(224)
Goodwill	**10**

The recognition of goodwill is based on the favorable earnings prospects of the business forming part of the transaction, also given the fact that in this way Iveco will now be able to fully benefit from the financial services activity in Western Europe, of which it previously enjoyed only 49% since the joint venture held the exclusive management rights to this activity.

The 49% interest previously held in Iveco Capital Limited as an associate was recognized at the Acquisition date fair value and the income of €1 million resulting from measuring it in this way was included in Gains/(losses) on the disposal of investments in 2011.

Costs connected with the acquisition, amounting to approximately €1 million, were excluded from the consideration and recognized as a 2011 expense in Gains/(losses) on the disposal of investments.

Consideration for this business combination is set out below, together with the resulting cash flows:

(€ million)	At the Acquisition date
Consideration paid	119
Deferred consideration	-
Total Consideration	**119**
Cash and cash equivalents paid	119
Cash and cash equivalents received	(30)
Total cash flows paid/(received)	**89**

At the Acquisition date Iveco Capital Limited's identifiable assets acquired and liabilities assumed included trade receivables of €76 million and receivables from financing activities of €2,613 million. The gross amount due in respect of receivables from financing activities was €2,703 million, of which €90 million considered of doubtful recovery.

Only the balance sheet of the acquired business was consolidated on a line-by-line basis at December 31, 2011; if the acquisition had taken place with effect from January 1, 2011, the Group's net revenues for that year would have increased by €154 million, while the net profit for that year would have decreased by €6 million.

COMPOSITION AND PRINCIPAL CHANGES

1. Net revenues

Net revenues may be analyzed as follows:

(€ million)	2012	2011
Sales of goods	24,053	22,732
Interest income from customers and other financial income of financial services companies	789	680
Rendering of services	604	530
Rents on assets sold with a buy-back commitment	165	188
Rents on operating leases	154	146
Other	20	13
Total Net revenues	25,785	24,289

2. Cost of sales

Cost of sales comprises the following:

(€ million)	2012	2011
Interest cost and other financial expenses from financial services companies	672	729
Other costs of sales	20,253	19,309
Total Cost of sales	20,925	20,038

3. Selling, general and administrative costs

Selling costs amount to €1,002 million in 2012 (€947 million in 2011) and mainly comprise marketing, advertising and sales personnel costs.

General and administrative costs amount to €1,181 million in 2012 (€1,055 million in 2011) and mainly comprise expenses which are not attributable to sales, production and research and development functions.

4. Research and development costs

In 2012, Research and development costs of €560 million (€505 million in 2011) comprise all the research and development costs not recognized as assets in the year, amounting to €362 million (€342 million in 2011), and the amortization of capitalized development costs of €198 million (€163 million in 2011). During 2012, the Group incurred new expenditure for capitalized development costs of €533 million (€400 million in 2011).

5. Other income/(expenses)

This item consists of miscellaneous operating costs which cannot be allocated to specific functional areas, such as indirect taxes and duties, and accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs, net of income arising from trading operations which is not attributable to the sale of goods and services.

6. Gains/(losses) on the disposal of investments

Net losses on the disposal of investments amount to €38 million in 2012, mainly due to the sale of the 20% interest in Kobelco Construction Machinery Co., Ltd.

The gain of €26 million in 2011 included, for an amount of €25 million, the accounting effects arising from the increase to 100% of the Group's interest in the joint venture L&T – Case Equipment Private Limited.

7. Restructuring costs

This item amounts to €166 million in 2012, mainly relating to Iveco. Restructuring costs in 2011 amounted to €95 million, again mainly relating to Iveco.

8. Other unusual income/(expenses)

In 2012 Other unusual expenses amounts to €13 million, mainly related to costs for the rationalization of strategic suppliers. In 2011 this item amounted to an income of €12 million, mainly arising from the release to income of a provision for risks that was no longer required, in connection with a minor investee.

9. Financial income/(expenses)

In addition to the items included in the specific lines of the income statement, Net financial income/(expenses) in 2012 also includes the Interest income from customers and other financial income of financial services companies included in Net revenues for €789 million (€680 million in 2011) and Interest expense and other financial charges from financial services companies included in Cost of sales for €672 million (€729 million in 2011).

A reconciliation to the income statement is provided under the following table.

(€ million)	2012	2011
Financial income:		
Interest earned and other financial income	45	76
Interest income from customers and other financial income of financial services companies	789	680
Total financial income	**834**	**756**
of which:		
Financial income, excluding financial services companies (a)	45	76
Interest and other financial expenses:		
Interest expense and other financial expenses	927	992
Write-downs of financial assets	169	302
Interest costs on employee benefits	67	68
Total interest and other financial expenses	**1,163**	**1,362**
Net (income)/expenses from derivative financial instruments and exchange losses	12	(11)
Total interest and other financial expenses, net (income)/expenses from derivative financial instruments and exchange losses	**1,175**	**1,351**
of which:		
Interest and other financial expenses, effects resulting from derivative financial instruments and exchange differences, excluding financial services companies (b)	503	622
Net financial income/(expenses) excluding financial services companies (a) - (b)	**(458)**	**(546)**

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Interest earned and other financial income may be analyzed as follows:

(€ million)	2012	2011
Interest income from banks	12	19
Other interest income and financial income	33	57
Total Interest income and other financial income	45	76

Interest cost and other financial expenses may be analyzed as follows:

(€ million)	2012	2011
Interest expenses on bonds	322	309
Bank interest expenses	200	171
Interest expenses on trade payables	2	5
Commission expenses	9	6
Other interest cost and financial expenses	394	501
Total Interest cost and other financial expenses	927	992

Other interest cost and other financial expenses include, amongst other things, interest cost on asset-backed financing. In 2011 this item also included a non-recurring charge of €72 million determined after the Demerger on the basis of market values and relating to the early repayment of the outstanding medium-term financial payables due to the Fiat Group at December 31, 2010.

10. Result from investments

In 2012 the net gain of €81 million (a net gain of €86 million in 2011) includes the Group's share of €86 million (€97 million in 2011) in the net profit or loss of investees accounted for using the equity method, and a net loss of €5 million (a net loss of €11 million in 2011) consisting of impairment losses and reversals of impairment losses, accruals to the investment provision and dividend income. In detail the item mainly includes (amounts in € million): entities of CNH 82 (85 in 2011) and entities of Iveco -2 (2 in 2011).

11. Income taxes

Income taxes consist of the following:

(€ million)	2012	2011
Current taxes:		
IRAP	25	34
Other taxes	425	322
Total Current taxes	450	356
Deferred taxes for the period:		
IRAP	3	(5)
Other taxes	110	118
Total Deferred taxes	113	113
Taxes relating to prior periods	1	(1)
Total Income taxes	564	468

Overall, the increase in the charge for current taxes in 2012 with respect to 2011 is mainly due to an increase in the taxable profits of non-Italian companies.

Taxes relating to prior periods include the costs arising from certain disputes with tax authorities net of adjustments to tax contingency reserves.

The effective tax rate for 2012 (excluding current and deferred IRAP) was 36% (effective tax rate of 37.5% in 2011).

A reconciliation between the tax charges recorded in the consolidated financial statements and the statutory tax charge, calculated on the basis of the statutory tax rate in effect in Italy, is as follows:

(€ million)	2012	2011
Statutory income taxes	408	321
Tax effect of permanent differences	(74)	(46)
Taxes relating to prior years	1	(1)
Difference between foreign tax rates and the statutory Italian tax rate	66	84
Deferred taxes relating to prior years	(14)	(32)
Deferred tax assets not recognized	156	84
Use of tax losses for which no deferred tax assets were previously recognized	-	(1)
Other differences	(7)	30
Current and deferred income tax recognized in the financial statements, excluding IRAP	536	439
IRAP (current and deferred)	28	29
Current and deferred income tax recognized in the financial statements	564	468

Since the IRAP tax has a taxable basis that is different from income before taxes, it generates distortions between one year and another. Accordingly, in order to render the reconciliation between recognized income taxes and statutory income taxes more meaningful, IRAP tax is not taken into consideration; statutory income taxes are determined by applying only the tax rate in effect in Italy (IRES equal to 27.5% in 2012 and in 2011) to Profit/(loss) before taxes.

Permanent differences in the above reconciliations include the tax effect of non-taxable income of €152 million in 2012 (€83 million in 2011) and of non-deductible costs of €78 million in 2012 (€37 million in 2011).

Deferred tax assets had an overall negative effect of €142 million on the reconciliation in 2012 as the result of the non-recognition of deferred tax assets on temporary differences and tax losses arising during the year of €156 million, partially offset by the recognition of previously unrecognized deferred tax assets of €14 million.

Other differences included unrecoverable withholding tax for €26 million in 2012 (€27 million in 2011).

Net deferred tax assets at December 31, 2012 consist of deferred tax assets, net of deferred tax liabilities, which have been offset where possible by the individual consolidated companies. The net balance of Deferred tax assets and Deferred tax liabilities may be analyzed as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Deferred tax assets	1,086	1,167
Deferred tax liabilities	(170)	(111)
Total	916	1,056

The decrease in net deferred tax assets, as analyzed in the following table, is mainly due to the following:

- for €113 million to the effect recognized in profit or loss of the utilization, net of valuation allowances, of deferred tax assets/liabilities recognized on temporary differences and tax losses arising during the year;
- for €4 million relating to the negative tax effect of items recognized directly in equity; and
- for €31 million to the effect of foreign exchange differences (exchange losses of €28 million) and other changes (decreases €3 million).

Deferred tax assets, net of Deferred tax liabilities may be analyzed by source as follows:

(€ million)	At December 31, 2011	Recognized in profit or loss	Recognized in equity	Translation differences and other changes	At December 31, 2012
Deferred tax assets arising from:					
Taxed provisions	658	65	-	(17)	**706**
Inventories	111	28	-	(2)	**137**
Taxed allowances for doubtful accounts	145	22	-	(7)	**160**
Provision for employee benefits	346	(36)	-	(3)	**307**
Intangible assets	223	(23)	-	-	**200**
Write-downs of financial assets	13	(1)	-	-	**12**
Measurement of derivative financial instruments	36	(15)	(5)	1	**17**
Other	248	(8)	-	(45)	**195**
Total Deferred tax assets	**1,780**	**32**	**(5)**	**(73)**	**1,734**
Deferred tax liabilities arising from:					
Accelerated depreciation	(308)	(21)	-	8	**(321)**
Deferred tax on gains on disposal	-	-	-	-	**-**
Inventory	(79)	(2)	-	2	**(79)**
Provision for employee benefits	(21)	1	-	-	**(20)**
Capitalization of development costs	(238)	(72)	-	5	**(305)**
Other	(212)	(29)	9	10	**(222)**
Total Deferred tax liabilities	**(858)**	**(123)**	**9**	**25**	**(947)**
Theoretical tax benefit arising from tax loss carryforwards	**636**	**(15)**	**-**	**6**	**627**
Adjustments for assets whose recoverability is not probable	**(502)**	**(7)**	**-**	**11**	**(498)**
Total Deferred tax assets, net of Deferred tax liabilities	**1,056**	**(113)**	**4**	**(31)**	**916**

The decision to recognize Deferred tax assets is taken for each company in the Group by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of updated strategic plans, accompanied by the related tax plans. For this reason, the total theoretical future tax benefits arising from deductible temporary differences (€1,734 million at December 31, 2012 and €1,780 million at December 31, 2011) and tax loss carryforwards (€627 million at December 31, 2012 and €636 million at December 31, 2011) have been reduced by €498 million at December 31, 2012 and by €502 million at December 31, 2011.

In particular, Deferred tax assets, net of Deferred tax liabilities, include €215 million at December 31, 2012 (€268 million at December 31, 2011) of tax benefits arising from tax loss carryforwards. At December 31, 2012, a further tax benefit of €411 million (€368 million at December 31, 2011) arising from tax loss carryforwards has not been recognized.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries since the Group is able to control the timing of the distribution of these reserves and it is probable that they will not be distributed in the foreseeable future.

The totals of deductible and taxable temporary differences and accumulated tax losses at December 31, 2012, together with the amounts for which deferred tax assets have not been recognized, analyzed by year of expiry, are as follows:

(€ million)	Total at December 31, 2012	Year of expiry 2013	2014	2015	2016	Beyond 2016	Unlimited/ indeterminable
Temporary differences and tax losses relating to State taxation (IRES in the case of Italy):							
Deductible temporary differences	**5,303**	2,582	507	483	487	1,209	35
Taxable temporary differences	**(2,759)**	214	(680)	(684)	(662)	(881)	(66)
Tax losses	**2,124**	71	43	17	48	573	1,372
Temporary differences and tax losses for which deferred tax assets have not been recognized	**(2,199)**	(290)	(76)	(57)	(74)	(272)	(1,430)
Temporary differences and tax losses relating to State taxation	**2,469**	**2,577**	**(206)**	**(241)**	**(201)**	**629**	**(89)**
Temporary differences and tax losses relating to local taxation (IRAP in the case of Italy):							
Deductible temporary differences	**1,270**	394	198	173	141	350	14
Taxable temporary differences	**(254)**	(30)	(25)	(25)	(25)	(149)	-
Tax losses	**351**	-	-	1	1	90	259
Temporary differences and tax losses for which deferred tax assets have not been recognized	**(48)**	(20)	(9)	(9)	(5)	50	(55)
Temporary differences and tax losses relating to local taxation	**1,319**	**344**	**164**	**140**	**112**	**341**	**218**

12. Other information by nature

The income statement includes personnel costs for €3,464 million in 2012 (€3,296 million in 2011).

An analysis of the average number of employees by category is as follows:

	2012	2011
Managers	**899**	844
White-collar	**23,083**	21,177
Blue-collar	**43,475**	42,411
Average number of employees	**67,457**	**64,432**

13. Earnings/(loss) per share

On May 21, 2012, following the resolution adopted by shareholders in an extraordinary general meeting held on April 5, 2012, the procedure commenced for the mandatory conversion of all the 103,292,310 preference shares and 79,912,800 savings shares of Fiat Industrial S.p.A. into 130,241,397 of the Company's ordinary shares having the same features as the outstanding ordinary shares, with enjoyment rights from January 1, 2012, using a ratio of 0.700 for the preference shares and 0.725 for the savings shares. Since that date, therefore, only the ordinary shares of Fiat Industrial S.p.A. are traded on the Borsa Italiana Electronic Stock Exchange and the Company's fully-paid share capital of €1,919,433,144.74 consists of 1,222,568,882 shares each of par value €1.57. For further information about conversion, reference should be made to the paragraph Share capital in Note 24.

To calculate basic earnings per share for 2012, the profit/(loss) attributable to the owners of the parent was divided by the weighted average number of shares outstanding during the year taking into account the number of ordinary shares existing after the conversion.

Basic earnings per share has been calculated for 2011 by considering the number of ordinary, preferred and savings shares of Fiat Industrial S.p.A. outstanding at December 31, 2011; the portion of the result attributable to each class of share has been calculated on the basis of the respective rights to receive dividend. For the purpose of the calculation of earnings per share, however, the amount of the dividends contractually due to each class of share on the theoretical total distribution of profit has been subtracted from the Profit/(loss) attributable to the owners of the parent. The amount obtained in this way has then been divided by the number of outstanding shares.

The following table sets out the profit/(loss) attributable to the owners of the parent, the profit/(loss) attributable to each class of shares and the weighted average number of outstanding shares used to calculate basic earnings per share for 2012 and 2011:

		2012				2011
		Ordinary shares	Ordinary shares	Preference shares	Savings shares	Total
Profit/(loss) for the period attributable to owners of the parent	€ million	810				624
Preferred dividends declared for the period	€ million		-	10	7	17
Profit/(loss) equally attributable to all classes of shares	€ million	810	531	41	35	607
Profit/(loss) attributable to each class of shares	€ million	810	531	51	42	624
Weighted average number of shares outstanding	thousand	1,222,560	1,092,327	103,292	79,913	1,275,532
Basic Earnings/(loss) per share	€	0.663	0.487	0.487	0.533	

Since the Group has no equity instruments having dilutive effects, the figures used to calculate diluted earnings per share are the same as those used to calculate basic earnings per share.

For completeness of information, basic and diluted earnings per share 2011 was also redetermined assuming the conversion of all preference and savings shares into Fiat Industrial S.p.A. ordinary shares as if it had occurred at the beginning of the same year. The post-conversion basic and diluted earnings per share for the year would have been €0.511.

14. Intangible assets

In 2012 and in 2011 changes in the gross carrying amount of Intangible assets were as follows:

(€ million)	At December 31, 2011	Additions	Divestitures	Translation differences and other changes	At December 31, 2012
Goodwill	2,464	-	-	(40)	2,424
Trademarks and other intangible assets with indefinite useful lives	226	-	-	(5)	221
Development costs externally acquired	650	99	-	(5)	744
Development costs internally generated	2,367	434	(15)	(56)	2,730
Total Development costs	3,017	533	(15)	(61)	3,474
Patents, concessions and licenses externally acquired	689	33	-	(10)	712
Other intangible assets externally acquired	476	36	(6)	(9)	497
Advances and intangible assets in progress externally acquired	8	9	-	(5)	12
Total gross carrying amount of Intangible assets	6,880	611	(21)	(130)	7,340

(€ million)	At December 31, 2010	Additions	Divestitures	Translation differences and other changes	At December 31, 2011
Goodwill	2,359	-	-	105	2,464
Trademarks and other intangible assets with indefinite useful lives	219	-	-	7	226
Development costs externally acquired	582	68	-	-	650
Development costs internally generated	2,026	332	(4)	13	2,367
Total Development costs	2,608	400	(4)	13	3,017
Patents, concessions and licenses externally acquired	638	20	-	31	689
Other intangible assets externally acquired	423	30	(1)	24	476
Advances and intangible assets in progress externally acquired	7	7	-	(6)	8
Total gross carrying amount of Intangible assets	6,254	457	(5)	174	6,880

In 2012 and in 2011 changes in accumulated amortization and impairment losses were as follows:

(€ million)	At December 31, 2011	Amortization	Impairment losses	Divestitures	Translation differences and other changes	At December 31, 2012
Goodwill	527	-	-	-	(10)	517
Trademarks and other intangible assets with indefinite useful lives	46	-	-	-	(1)	45
Development costs externally acquired	332	66	-	-	(5)	393
Development costs internally generated	1,207	132	-	(7)	(40)	1,292
Total Development costs	1,539	198	-	(7)	(45)	1,685
Patents, concessions and licenses externally acquired	519	45	-	-	(12)	552
Other intangible assets externally acquired	340	36	-	(2)	(7)	367
Advances and intangible assets in progress externally acquired	-	-	-	-	-	-
Total accumulated amortization and impairment of Intangible assets	2,971	279	-	(9)	(75)	3,166

(€ million)	At December 31, 2010	Amortization	Impairment losses	Divestitures	Translation differences and other changes	At December 31, 2011
Goodwill	511	-	-	-	16	527
Trademarks and other intangible assets with indefinite useful lives	45	-	-	-	1	46
Development costs externally acquired	309	23	-	-	-	332
Development costs internally generated	1,064	140	-	(2)	5	1,207
Total Development costs	1,373	163	-	(2)	5	1,539
Patents, concessions and licenses externally acquired	459	46	-	-	14	519
Other intangible assets externally acquired	299	37	-	-	4	340
Advances and intangible assets in progress externally acquired	-	-	-	-	-	-
Total accumulated amortization and impairment of Intangible assets	2,687	246	-	(2)	40	2,971

In 2012 and in 2011 changes in the net carrying amount of Intangible assets were as follows:

(€ million)	At December 31, 2011	Additions	Amortization	Impairment losses	Divestitures	Translation differences and other changes	At December 31, 2012
Goodwill	1,937	-	-	-	-	(30)	1,907
Trademarks and other intangible assets with indefinite useful lives	180	-	-	-	-	(4)	176
Development costs externally acquired	318	99	(66)	-	-	-	351
Development costs internally generated	1,160	434	(132)	-	(8)	(16)	1,438
Total Development costs	1,478	533	(198)	-	(8)	(16)	1,789
Patents, concessions and licenses externally acquired	170	33	(45)	-	-	2	160
Other intangible assets externally acquired	136	36	(36)	-	(4)	(2)	130
Advances and intangible assets in progress externally acquired	8	9	-	-	-	(5)	12
Total net carrying amount of Intangible assets	3,909	611	(279)	-	(12)	(55)	4,174

(€ million)	At December 31, 2010	Additions	Amortization	Impairment losses	Divestitures	Translation differences and other changes	At December 31, 2011
Goodwill	1,848	-	-	-	-	89	1,937
Trademarks and other intangible assets with indefinite useful lives	174	-	-	-	-	6	180
Development costs externally acquired	273	68	(23)	-	-	-	318
Development costs internally generated	962	332	(140)	-	(2)	8	1,160
Total Development costs	1,235	400	(163)	-	(2)	8	1,478
Patents, concessions and licenses externally acquired	179	20	(46)	-	-	17	170
Other intangible assets externally acquired	124	30	(37)	-	(1)	20	136
Advances and intangible assets in progress externally acquired	7	7	-	-	-	(6)	8
Total net carrying amount of Intangible assets	3,567	457	(246)	-	(3)	134	3,909

Foreign exchange losses of €60 million in 2012 (gains of €70 million in 2011) principally reflect the depreciation of the US dollar and of the Brazilian real against the Euro.

Goodwill, trademarks and intangible assets with indefinite useful lives

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified as the Group's operating segments. The following table presents the allocation of goodwill across the segments:

(€ million)	At December 31, 2012	At December 31, 2011
CNH	1,840	1,872
Iveco	63	61
FPT Industrial	4	4
Goodwill net carrying amount	1,907	1,937

Trademarks and Other intangible assets with indefinite useful lives are mainly attributable to CNH and consist of acquired trademarks and similar rights which have no legal, contractual, competitive or economic factors that limit their useful lives. For the purposes of impairment testing, these assets were attributed to the respective cash-generating units without the need for any recognition of impairment.

The vast majority of goodwill, representing approximately 96% of the total, relates to CNH, where the cash-generating units considered for the testing of the recoverability of the goodwill are generally the product lines.

The cash generating units to which goodwill has been allocated consist of the following business units:

	Amount allocated to goodwill	
(€ million)	At December 31, 2012	At December 31, 2011
Agricultural Equipment	1,296	1,315
Construction Equipment	446	458
Financial Services	98	99
Total	1,840	1,872

To determine the recoverable amount of these cash-generating units CNH uses multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach.

Under the income approach, CNH calculates the recoverable amount of a cash-generating unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales, gross margins, operating costs, income tax rates, terminal value growth rates, capital expenditures, changes in working capital requirements, and the weighted average cost of capital (discount rate). Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective cash-generating units. The following discount rates before taxes as of December 31, 2012 were selected by CNH:

	2012	2011
Agricultural Equipment	18.0%	18.8%
Construction Equipment	13.7%	17.0%
Financial Services	19.7%	n/a

Expected cash flows used under the income approach are developed in conjunction with CNH budgeting and forecasting process. CNH uses eight years of expected cash flows as management believes that this period generally reflects the underlying market cycles for its businesses. Under the market approach, CNH estimates the recoverable amount of the Agricultural and Construction Equipment cash-generating units using revenue and EBITDA multiples and estimates the recoverable amount of the Financial Services cash-generating unit using book value and interest margin multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective cash-generating units. The guideline company method makes use of market price data of corporations whose stock is actively traded in a public, free and open market, either on an exchange or over-the counter basis. Although it is clear no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same, or a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

A terminal value is included at the end of the projection period used in the discounted cash flow analyses in order to reflect the remaining value that each cash-generating unit is expected to generate. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual growth of all subsequent cash flows into perpetuity. The terminal value growth rate for Agricultural Equipment cash-generating unit was 1% in 2012 and 2011, respectively, for Construction Equipment was 3% and 2% in 2012 and 2011, respectively. The terminal value growth rate for Financial Services was 1.5% in 2012, while income approach was only used as a secondary approach to further support the market approach in 2011.

As of December 31, 2012, the estimated recoverable amount, calculated using the above method, of the Agricultural Equipment and Financial Services cash-generating units, substantially exceeded the respective carrying values. The Construction Equipment cash-generating unit's excess of recoverable amount over carrying value was approximately 7%. A 1.2% increase in the discount rate, holding all other assumptions constant, or a further decline in market demand for construction equipment, particularly in emerging markets and Europe, could result in an impairment loss in future reporting periods.

The results obtained for Iveco and related sensitivity analyses also confirmed the absence of impairment losses to be recognized.

Finally, the estimates and budget data to which the above mentioned parameters have been applied are those determined by management based on past performance and expectations of developments in the markets in which the Group operates. Estimating the recoverable amount of cash generating units requires discretion and the use of estimates by management. The Group cannot guarantee that there will be no goodwill impairment in future periods. Circumstances and events, which could potentially cause further impairment losses, are constantly monitored by the Group.

Development costs

The amortization of development costs and impairment losses are reported in the income statement as Research and development costs.

Development costs recognized as assets are attributed to cash generating units and are tested for impairment together with the related tangible fixed assets, using the discounted cash flow method for determining their recoverable amount.

15. Property, plant and equipment

In 2012 and in 2011, changes in the gross carrying amount of Property, plant and equipment were as follows:

(€ million)	At December 31, 2011	Additions	Divestitures	Translation differences	Other changes	At December 31, 2012
Land	213	18	(2)	(2)	3	230
Owned industrial buildings	2,091	70	(48)	(25)	19	2,107
Industrial buildings leased under finance leases	16	2	-	-	21	39
Total Industrial buildings	2,107	72	(48)	(25)	40	2,146
Owned plant, machinery and equipment	6,021	267	(289)	(67)	143	6,075
Plant, machinery and equipment leased under finance leases	53	8	-	-	-	61
Total Plant, machinery and equipment	6,074	275	(289)	(67)	143	6,136
Assets sold with a buy-back commitment	1,321	542	(56)	-	(246)	1,561
Owned other tangible assets	688	56	(38)	(7)	16	715
Other tangible assets leased under finance leases	6	-	(4)	-	-	2
Total Other tangible assets	694	56	(42)	(7)	16	717
Advances and tangible assets in progress	180	317	-	(8)	(243)	246
Total gross carrying amount of Property, plant and equipment	10,589	1,280	(437)	(109)	(287)	11,036

(€ million)	At December 31, 2010	Additions	Divestitures	Translation differences	Other changes	At December 31, 2011
Land	**210**	1	(2)	1	3	**213**
Owned industrial buildings	**1,952**	64	(21)	(8)	104	**2,091**
Industrial buildings leased under finance leases	**16**	1	-	-	(1)	**16**
Total Industrial buildings	**1,968**	65	(21)	(8)	103	**2,107**
Owned plant, machinery and equipment	**5,720**	242	(86)	(16)	161	**6,021**
Plant, machinery and equipment leased under finance leases	**49**	8	-	-	(4)	**53**
Total Plant, machinery and equipment	**5,769**	250	(86)	(16)	157	**6,074**
Assets sold with a buy-back commitment	**1,167**	533	(132)	1	(248)	**1,321**
Owned other tangible assets	**683**	25	(57)	3	34	**688**
Other tangible assets leased under finance leases	**6**	-	-	-	-	**6**
Total Other tangible assets	**689**	25	(57)	3	34	**694**
Advances and tangible assets in progress	**194**	195	-	1	(210)	**180**
Total gross carrying amount of Property, plant and equipment	**9,997**	**1,069**	**(298)**	**(18)**	**(161)**	**10,589**

In 2012 and in 2011, changes in accumulated depreciation and impairment losses were as follows:

(€ million)	At December 31, 2011	Depreciation	Impairment losses	Divestitures	Translation differences	Other changes	At December 31, 2012
Land	**3**	-	-	-	-	-	**3**
Owned industrial buildings	**1,104**	74	-	(33)	(7)	-	**1,138**
Industrial buildings leased under finance leases	**4**	2	-	-	-	(1)	**5**
Total Industrial buildings	**1,108**	76	-	(33)	(7)	(1)	**1,143**
Owned plant, machinery and equipment	**4,467**	325	3	(280)	(32)	(65)	**4,418**
Plant, machinery and equipment leased under finance leases	**16**	3	-	-	-	-	**19**
Total Plant, machinery and equipment	**4,483**	328	3	(280)	(32)	(65)	**4,437**
Assets sold with a buy-back commitment	**290**	169	15	(39)	(4)	(96)	**335**
Owned other tangible assets	**524**	36	-	(36)	(2)	22	**544**
Other tangible assets leased under finance leases	**4**	-	-	(2)	-	-	**2**
Total Other tangible assets	**528**	36	-	(38)	(2)	22	**546**
Advances and tangible assets in progress	**-**	-	-	-	-	-	**-**
Total accumulated depreciation and impairment of Property, plant and equipment	**6,412**	**609**	**18**	**(390)**	**(45)**	**(140)**	**6,464**

(€ million)	At December 31, 2010	Depreciation	Impairment losses	Divestitures	Translation differences	Other changes	At December 31, 2011
Land	2	-	1	-	-	-	3
Owned industrial buildings	1,053	68	-	(18)	1	-	1,104
Industrial buildings leased under finance leases	7	-	-	-	-	(3)	4
Total Industrial buildings	1,060	68	-	(18)	1	(3)	1,108
Owned plant, machinery and equipment	4,226	310	14	(78)	(7)	2	4,467
Plant, machinery and equipment leased under finance leases	13	4	-	-	-	(1)	16
Total Plant, machinery and equipment	4,239	314	14	(78)	(7)	1	4,483
Assets sold with a buy-back commitment	296	135	11	(64)	-	(88)	290
Owned other tangible assets	541	37	-	(56)	1	1	524
Other tangible assets leased under finance leases	3	1	-	-	-	-	4
Total Other tangible assets	544	38	-	(56)	1	1	528
Advances and tangible assets in progress	-	-	-	-	-	-	-
Total accumulated depreciation and impairment of Property, plant and equipment	6,141	555	26	(216)	(5)	(89)	6,412

In 2012 and in 2011, changes in the net carrying amount of Property, plant and equipment were as follows:

(€ million)	At December 31, 2011	Additions	Depreciation	Impairment losses	Divestitures	Translation differences	Other changes	At December 31, 2012
Land	210	18	-	-	(2)	(2)	3	227
Owned industrial buildings	987	70	(74)	-	(15)	(18)	19	969
Industrial buildings leased under finance leases	12	2	(2)	-	-	-	22	34
Total Industrial buildings	999	72	(76)	-	(15)	(18)	41	1,003
Owned plant, machinery and equipment	1,554	267	(325)	(3)	(9)	(35)	208	1,657
Plant, machinery and equipment leased under finance leases	37	8	(3)	-	-	-	-	42
Total Plant, machinery and equipment	1,591	275	(328)	(3)	(9)	(35)	208	1,699
Assets sold with a buy-back commitment	1,031	542	(169)	(15)	(17)	4	(150)	1,226
Owned other tangible assets	164	56	(36)	-	(2)	(5)	(6)	171
Other tangible assets leased under finance leases	2	-	-	-	(2)	-	-	-
Total Other tangible assets	166	56	(36)	-	(4)	(5)	(6)	171
Advances and tangible assets in progress	180	317	-	-	-	(8)	(243)	246
Total net carrying amount of Property, plant and equipment	4,177	1,280	(609)	(18)	(47)	(64)	(147)	4,572

(€ million)	At December 31, 2010	Additions	Depreciation	Impairment losses	Divestitures	Translation differences	Other changes	At December 31, 2011
Land	208	1	-	(1)	(2)	1	3	210
Owned industrial buildings	899	64	(68)	-	(3)	(9)	104	987
Industrial buildings leased under finance leases	9	1	-	-	-	-	2	12
Total Industrial buildings	908	65	(68)	-	(3)	(9)	106	999
Owned plant, machinery and equipment	1,494	242	(310)	(14)	(8)	(9)	159	1,554
Plant, machinery and equipment leased under finance leases	36	8	(4)	-	-	-	(3)	37
Total Plant, machinery and equipment	1,530	250	(314)	(14)	(8)	(9)	156	1,591
Assets sold with a buy-back commitment	871	533	(135)	(11)	(68)	1	(160)	1,031
Owned other tangible assets	142	25	(37)	-	(1)	2	33	164
Other tangible assets leased under finance leases	3	-	(1)	-	-	-	-	2
Total Other tangible assets	145	25	(38)	-	(1)	2	33	166
Advances and tangible assets in progress	194	195	-	-	-	1	(210)	180
Total net carrying amount of Property, plant and equipment	3,856	1,069	(555)	(26)	(82)	(13)	(72)	4,177

Additions of €1,280 million in 2012 mainly relate to CNH and Iveco.

During 2012 Iveco recognized impairment losses on Assets sold with a buy-back commitment for an amount of €15 million (€11 million in 2011) in order to align their carrying amount to market value. These losses are fully recognized in Cost of sales.

The column Other changes includes the reclassification of the prior year balances for Advances and tangible assets in progress to the appropriate categories when the assets were effectively acquired and put into operation, as well as the reclassification to Inventory of Assets sold with a buy-back commitment that are held for sale at the agreement expiry date of €150 million.

At December 31, 2012, land and industrial buildings of the Group pledged as security for debt amounted to €67 million (€45 million at December 31, 2011); plant and machinery pledged as security for debt and other commitments amounted to €72 million (€68 million at December 31, 2011) and other assets pledged as security for debt and other commitments totaled €1 million (€2 million at December 31, 2011); these relate to suppliers' assets recognized in the consolidated financial statements in accordance with IFRIC 4, with the simultaneous recognition of a financial lease payable.

At December 31, 2012, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to €239 million (€104 million at December 31, 2011).

16. Investments and other financial assets

(€ million)	At December 31, 2012	At December 31, 2011
Investments accounted for using the equity method	464	614
Investments at cost	5	1
Total Investments	469	615
Other securities	1	1
Non-current financial receivables	61	50
Total Investments and other financial assets	531	666

Investments

Changes in Investments in 2012 and in 2011 are set out below:

(€ million)	At December 31, 2011	Revaluations/ (Write-downs)	Acquisitions and capitalizations	Translation differences	Disposals and other changes	At December 31, 2012
Investments in unconsolidated subsidiaries	11	-	-	-	(4)	7
Investments in jointly controlled entities	360	67	3	(2)	(69)	359
Investments in associates	244	19	-	(16)	(144)	103
Total Investments	615	86	3	(18)	(217)	469

(€ million)	At December 31, 2010	Revaluations/ (Write-downs)	Acquisitions and capitalizations	Translation differences	Disposals and other changes	At December 31, 2011
Investments in unconsolidated subsidiaries	11	(4)	-	-	4	11
Investments in jointly controlled entities	338	80	-	7	(65)	360
Investments in associates	342	10	-	14	(122)	244
Total Investments	691	86	-	21	(183)	615

Revaluations and Write-downs include the Group's share of the profit or loss for the year of investments accounted for using the equity method for an amount of €86 million in 2012 (€97 million in 2011). In 2012 and in 2011 this item also includes impairment losses recognized during the period for investments accounted for using the cost method.

Disposals and other changes, a decrease of €217 million in 2012, mainly consist of €128 million arising from the sale of the 20% interest in Kobelco Construction Machinery Co., Ltd. and a decrease of €80 million as the result of the distribution of dividends by companies accounted for using the equity method. The item Investments in jointly controlled entities comprises the following:

	At December 31, 2012		At December 31, 2011	
	% of interest	(€ million)	% of interest	(€ million)
Naveco (Nanjing Iveco Motor Co.) Ltd.	50.0	169	50.0	169
Turk Traktor Ve Ziraat Makineleri A.S.	37.5	104	37.5	87
New Holland HFT Japan Inc.	50.0	35	50.0	42
CNH de Mexico SA de CV	50.0	22	50.0	19
SAIC Iveco Commercial Vehicle Investment Company Limited	50.0	19	50.0	37
Transolver Finance Establecimiento Financiero de Credito S.A.	50.0	7	50.0	4
Other		3		2
Total Investments in jointly controlled entities		359		360

The item Investments in associates comprises the following:

	At December 31, 2012		At December 31, 2011	
	% of interest	(€ million)	% of interest	(€ million)
CNH Capital Europe S.a.S.	49.9	73	49.9	69
Al-Ghazi Tractors Ltd.	43.2	24	43.2	24
Kobelco Construction Machinery Co., Ltd.	-	-	20.0	145
Other		6		6
Total Investments in associates		103		244

At December 31, 2012, the stock market value of Investments in listed jointly controlled entities and listed associates, based on prices quoted on regulated markets, is as follows:

(€ million)	Carrying value	Stock market
Turk Traktor Ve Ziraat Makineleri A.S.	104	495
Al-Ghazi Tractors Ltd.	24	34
Total Investments in listed jointly controlled entities and associates	128	529

At December 31, 2012 and 2011, no non-current financial receivables had been pledged as security for loans.

17. Leased assets

The Group, and in particular Iveco and CNH, lease out assets, mainly their own products, as part of their financial services businesses. This item changed as follows in 2012 and 2011:

(€ million)	At December 31, 2011	Additions	Depreciation	Translation differences	Disposals and other changes	At December 31, 2012
Gross carrying amount	743	381	-	(10)	(304)	810
Less: Depreciation and impairment	(185)	-	(112)	2	107	(188)
Net carrying amount of Leased assets	558	381	(112)	(8)	(197)	622

(€ million)	At December 31, 2010	Additions	Depreciation	Translation differences	Disposals and other changes	At December 31, 2011
Gross carrying amount	674	296	-	18	(245)	743
Less: Depreciation and impairment	(182)	-	(90)	(4)	91	(185)
Net carrying amount of Leased assets	492	296	(90)	14	(154)	558

At December 31, 2012 minimum lease payments from non-cancellable operating leases amount to €199 million (€186 million at December 31, 2011) and fall due as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Within one year	96	86
Between one and five years	102	99
Beyond five years	1	1
Total Minimum lease payments	199	186

At December 31, 2012, assets amounting to €3 million (€4 million at December 31, 2011) were leased out under operating leases and act as security for loans received.

18. Inventories

(€ million)	At December 31, 2012	At December 31, 2011
Raw materials, supplies and finished goods	4,821	4,849
Gross amount due from customers for contract works	22	16
Total Inventories	4,843	4,865

At December 31, 2012, Inventories include assets which are no longer subject to operating lease arrangements or buy-back commitments and are held for sale for €170 million (€142 million at December 31, 2011). Excluding this item, Inventories decreased by €50 million in 2012.

At December 31, 2012, Inventories include those measured at net realizable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) amounting to €1,104 million (€961 million at December 31, 2011).

The amount of inventory write-downs recognized as an expense during 2012 is €61 million (€84 million in 2011). Amounts recognized as income from the reversal of write-downs on items sold during the year were not significant.

There were no inventories pledged as security at December 31, 2012 and 2011.

The majority of amounts due from customers for contract work relates to Iveco and can be analyzed as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	23	26
Less: Progress billings	(1)	(11)
Construction contracts, net of advances on contract work	22	15
Gross amount due from customers for contract work as an asset	22	16
Less: Gross amount due to customers for contract work as a liability included in Other current liabilities	-	(1)
Construction contracts, net of advances on contract work	22	15

19. Current receivables and Other current assets

This item may be analyzed as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Trade receivables	1,436	1,562
Receivables from financing activities	15,237	13,946
Current tax receivables	302	685
Other current assets:		
Other current receivables	970	902
Accrued income and prepaid expenses	147	151
Total Other current assets	1,117	1,053
Total Current receivables and Other current assets	**18,092**	**17,246**

An analysis by due date is as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Trade receivables	1,423	13	-	1,436	1,553	9	-	1,562
Receivables from financing activities	9,451	5,706	80	15,237	8,634	5,241	71	13,946
Current tax receivables	279	22	1	302	679	6	-	685
Other current receivables	861	83	26	970	738	139	25	902
Total Current receivables	**12,014**	**5,824**	**107**	**17,945**	**11,604**	**5,395**	**96**	**17,095**

Trade receivables

Trade receivables are shown net of allowances for doubtful accounts of €169 million at December 31, 2012 (€189 million at December 31, 2011), determined on the basis of historical losses on receivables. Changes in the allowance accounts during 2012 are as follows:

(€ million)	At December 31, 2011	Provision	Use and other changes	At December 31, 2012
Allowances for doubtful accounts	189	27	(47)	169

The carrying amount of Trade receivables is considered in line with their fair value.

Receivables from financing activities

Receivables from financing activities include the following:

(€ million)	At December 31, 2012	At December 31, 2011
Retail financing	7,628	6,985
Dealer financing	6,099	5,243
Finance leases	1,314	1,619
Other	196	99
Total Receivables from financing activities	**15,237**	**13,946**

Total Receivables from financing activities increased by €1,291 million over the period, mainly due to an increase in receivables from retail financing in CNH in the United States and in receivables from dealer financing in Iveco in Europe and in CNH in the United States and Brazil. Changes in exchange rates, mainly between the Euro and the US dollar and the Brazilian real, led to a decrease of €293 million, partially offset by the depreciation in the Euro/Real exchange rate.

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At December 31, 2012 the allowance amounts to €592 million (€564 million at December 31, 2011). Changes in the allowance accounts during the year considered are as follows:

(€ million)	At December 31, 2011	Provision	Use and other changes	At December 31, 2012
Allowance for receivables regarding:				
Finance leases	263	2	(9)	256
Retail financing	208	65	(52)	221
Dealer financing	93	29	(7)	115
Other	-	-	-	-
Total Allowance on Receivables from financing activities	564	96	(68)	592

Finance lease receivables mainly relate to vehicles of Iveco and CNH leased out under finance lease arrangements. The interest rate implicit in the lease is determined at the commencement of the lease for the whole lease term. The average interest rate implicit in total finance lease receivables varies depending on prevailing market interest rates.

The item may be analyzed as follows stated gross of an allowance of €256 million at December 31, 2012 (€263 million at December 31, 2011):

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Receivables for future minimum lease payments	821	1,141	47	2,009	1,100	1,189	29	2,318
Less: unrealized interest income	(153)	(274)	(12)	(439)	(168)	(265)	(3)	(436)
Present value of future minimum lease payments	668	867	35	1,570	932	924	26	1,882

No contingent rents were recognized as finance leases during 2012 or 2011 and unguaranteed residual values at December 31, 2012 and 2011 are not significant.

Receivables for dealer financing are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the financial services companies. These receivables are interest bearing, with the exception of an initial limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary from sector to sector and from country to country, although payment terms range from two to six months.

The fair value of receivables from financing activities at December 31, 2012 was €15,551 million (€14,324 million at December 31, 2011) which has been calculated using a discounted cash flow method based on the following discount rates, adjusted, where necessary, to take account of the specific risk of insolvency of the underlying financial instrument.

(in %)	EUR	USD	GBP	CAD	AUD	BRL	PLN
Interest rate for six months	0.32%	0.30%	0.67%	1.30%	2.90%	7.08%	3.79%
Interest rate for one year	0.33%	0.32%	0.67%	1.33%	2.79%	7.12%	3.41%
Interest rate for five years	0.77%	0.85%	1.02%	1.71%	3.31%	8.15%	3.33%

Other current assets

At December 31, 2012, Other current assets mainly consist of Other tax receivables for VAT and other indirect taxes of €680 million (€614 million at December 31, 2011), Receivables from employees of €38 million (€26 million at December 31, 2011) and Accrued income and prepaid expenses of €147 million (€151 million at December 31, 2011).

The carrying amount of Other current assets at the balance sheet date is in line with fair value.

Transfers of financial assets

The Group transfers a number of its financial, trade and tax receivables under securitization programs or factoring transactions.

A securitization transaction entails the sale of a portfolio of receivables to a securitization vehicle. This special purpose entity finances the purchase of the receivables by issuing asset-backed securities (i.e. securities whose repayment and interest flow depend upon the cash flow generated by the portfolio). Asset-backed securities are divided into classes according to their degree of seniority and rating: the most senior classes are placed with investors on the market; the junior class, whose repayment is subordinated to the senior classes, is normally subscribed for by the seller. The residual interest in the receivables retained by the seller is therefore limited to the junior securities it has subscribed for. In accordance with SIC 12 – *Consolidation – Special Purpose Entities* (SPEs), all securitization vehicles are included in the scope of consolidation, because the subscription of the junior asset-backed securities by the seller implies its control in substance over the SPE.

Furthermore, factoring transactions may be either with recourse or without recourse; certain without recourse transfers include deferred payment clauses (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), requiring first loss cover, meaning that the transferor takes priority participation in the losses, or require a significant exposure to the cash flows arising from the transferred receivables to be retained. These types of transactions do not comply with the requirements of IAS 39 for the derecognition of the assets since the risks and rewards connected with collection are not substantially transferred, and accordingly the Group continues to recognize the receivables transferred by this means in its balance sheet and recognizes a financial liability of the same amount under Asset-backed financing (Note 27). The gains and losses arising from the transfer of these assets are only recognized when the assets are derecognized. At December 31, 2012, the carrying amount of such transferred assets and the related liability and the respective fair values are as follows:

				At December 31, 2012
(€ million)	Trade receivables	Receivables from financing activities	Other financial assets	Total
Carrying amount of assets	543	8,998	745	10,286
Carrying amount of the related liabilities	(543)	(8,420)	(745)	(9,708)
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:				
Fair value of the assets	543	9,208	745	10,496
Fair value of the liabilities	(543)	(8,480)	(745)	(9,768)
Net position	-	728	-	728

Other financial assets also include the cash with a pre-determined use restricted to the repayment of the securitization debt.

At December 31, 2011 receivables sold and financed through both securitization and factoring transactions which do not meet IAS 39 derecognition requirements totaled €8,377 million and were included in Current receivables.

For completeness of information, it is recalled that the Group has discounted receivables and bills without recourse having due dates after December 31, 2012 amounting to €763 million (€980 million at December 31, 2011, with due date after that date), which refer to trade receivables and other receivables for €708 million (€897 million at December 31, 2011) and receivables from financing for €55 million (€83 million at December 31, 2011).

20. Current securities

Current securities consist of short-term or marketable securities which represent temporary investments but which do not satisfy all the requirements for being classified as cash equivalents. In particular:

(€ million)	At December 31, 2012	At December 31, 2011
Current securities available-for-sale	4	68
Total Current securities	**4**	**68**

At December 31, 2011, this item included investments of €62 million in Brazilian sovereign bonds held by Banco CNH Capital S.A. and sold during 2012.

21. Other financial assets and Other financial liabilities

These items consist of derivative financial instruments measured at fair value at the balance sheet date.

Specifically:

	At December 31, 2012		At December 31, 2011	
(€ million)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges:				
Interest rate risk - Interest rate swaps	68	(3)	54	(2)
Total Fair value hedges	68	(3)	54	(2)
Cash flow hedges:				
Currency risks - Forward contracts, Currency swaps and Currency options	31	(42)	32	(102)
Interest rate risk - Interest rate swaps	-	(30)	-	(27)
Other derivatives	-	-	-	(1)
Total Cash flow hedges	31	(72)	32	(130)
Derivatives for trading	22	(22)	32	(25)
Other financial assets/(liabilities)	**121**	**(97)**	**118**	**(157)**

The fair value of derivative financial instruments is calculated by using market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is calculated by taking the prevailing exchange rate and interest rates in the two currencies at the balance sheet date;
- the fair value of currency options is calculated using appropriate valuation techniques and market parameters at the balance sheet date (in particular exchange rates, interest rates and volatility rates);
- the fair value of interest rate swaps and forward rate agreements is calculated using the discounted cash flow method;

- the fair value of derivatives hedging interest rate risk and currency risk is calculated using the exchange rate at the balance sheet date and the discounted cash flow method;
- the fair value of derivatives hedging commodity price risk is calculated using the discounted cash flow method, taking (if available) the market parameters at the balance sheet date (and in particular the future price of the underlying and interest rates).

The overall increase in Other financial assets from €118 million at December 31, 2011 to €121 million at December 31, 2012, and the decrease in Other financial liabilities from €157 million at December 31, 2011 to €97 million at December 31, 2012 is mostly due to changes in exchange rates and interest rates during the year.

As this item consists principally of hedging instruments, the change in their value is offset by the change in the value of the hedged item.

Derivatives for trading consist mainly of derivatives (mostly currency based derivatives) acquired to hedge receivables and payables subject to currency risk and/or interest rate risk which are not formally designated as hedges at Group level.

At December 31, 2012, the notional amount of outstanding derivative financial instruments is as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Currency risk management	6,967	6,800
Interest rate risk management	4,412	3,971
Other derivative financial instruments	5	20
Total notional amount	**11,384**	**10,791**

At December 31, 2012, the notional amount of Other derivative instruments consists of the notional amount of derivatives linked to commodity prices hedging specific exposures arising from supply agreements. Under these agreements there is a regular updating of the prices on the basis of trends in the quoted prices of the raw material.

The following table provides an analysis by due date of outstanding derivative financial instruments at December 31, 2012 based on their notional amounts:

	At December 31, 2012			
(€ million)	due within one year	due between one and five years	due beyond five years	Total
Currency risk management	6,798	169	-	6,967
Interest rate risk management	967	2,598	847	4,412
Other derivative financial instruments	5	-	-	5
Total notional amount	**7,770**	**2,767**	**847**	**11,384**

Cash flow hedges

The effects on profit or loss mainly refer to the management of the currency risk and, to a lesser extent, to the hedges relating to the debt of the Group's financial companies and Group treasury.

The policy of the Group for managing currency risk normally requires that future cash flows from trading activities which will occur for accounting purposes within the following twelve months, and from orders acquired (or contracts in progress), whatever their due dates, be hedged. As a result, it is considered reasonable to suppose that the hedging effect arising from this and recognized in the cash flow hedge reserve will be recognized in profit or loss, mainly during the following year.

In 2012 the Group reclassified losses of €89 million (losses of €14 million in 2011) stated net of the tax effect, to the following profit or loss items; these had previously been recognized directly in Other comprehensive income:

(€ million)	2012	2011
Currency risk:		
Increase/(decrease) in Net revenues	(43)	(13)
Decrease/(increase) in Cost of sales	(46)	25
Financial income/(expenses)	(13)	(9)
Interest rate risk:		
Decrease/(increase) in Cost of sales	(9)	(18)
Financial income/(expenses)	(5)	(2)
Taxes income/(expenses)	27	3
Total recognized in profit or loss	**(89)**	**(14)**

The ineffectiveness of cash flow hedges was not material in 2012 or 2011.

The total economic effect of hedges which subsequently turned out to be in excess of the future flows being hedged (overhedges) amounted to €6 million in 2012 (not significant in 2011).

Fair value hedges

The gains and losses arising from the measurement of interest rate and currency derivatives (mostly for managing currency risk) and interest rate derivatives (for managing the interest rate risk) recognized using fair value hedge accounting and the gains and losses arising from the respective hedged items are set out in the following table:

(€ million)	2012	2011
Interest rate risk:		
Net gains/(losses) on qualifying hedges	64	51
Fair value changes in hedged items	(64)	(51)
Net gains/(losses)	-	-

The ineffective portion of transactions treated as fair value hedges was not significant in 2012 or 2011.

22. Cash and cash equivalents

Cash and cash equivalents consist of:

(€ million)	At December 31, 2012	At December 31, 2011
Cash at banks	3,623	4,441
Cash with a pre-determined use	670	728
Money market securities	318	470
Total Cash and cash equivalents	**4,611**	**5,639**

Amounts shown are readily convertible into cash and are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents is in line with their fair value at the balance sheet date.

Cash with a pre-determined use mainly consists of amounts whose use is restricted to the repayment of the debt relating to securitizations classified as Asset-backed financing.

The credit risk associated with Cash and cash equivalents is considered not significant, because it mainly relates to deposits spread across primary national and international financial institutions.

23. Assets held for sale

At December 31, 2012 and 2011, Assets held for sale consist of buildings and factories owned by CNH and Iveco.

The items included in Assets held for sale may be summarized as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Property, plant and equipment	25	15
Total Assets	**25**	**15**

24. Equity

Consolidated equity at December 31, 2012 exceeds that at December 31, 2011 by €311 million. The increase in equity is mainly the result of the profit for the year of €921 million, partially offset by the dividend distributed for €480 million and by the decrease in the translation reserve of €272 million arising from changes in the exchange rates used to translate the financial statements of subsidiaries denominated in currencies than the Euro.

Share capital

Share capital, fully paid-in, amounts to €1,919 million at December 31, 2012 and consists of 1,222,568,882 shares each with a par value of €1.57.

Each share entitles the holder to share pro rata in any earnings allocated for distribution and any surplus assets remaining on a winding-up. In addition, each share entitles the holder to vote without any restrictions.

Net profit as reported in the annual financial statements is allocated as follows:

- 5% of net profit must be allocated to the legal reserve until the amount of such reserve is equivalent to one-fifth of share capital;
- further allocations may be made by shareholders to the legal reserve or the extraordinary reserve or the retained earnings reserve, together with any other allocations they may resolve;
- to each share any remaining profit which shareholders may resolve to distribute.

Where the Board of Directors sees fit in relation to the operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

In the event of a winding-up, the Company's assets shall be distributed in an equal pro rata amount to all shares.

Following the resolution adopted by shareholders in an extraordinary general meeting held on April 5, 2012, on May 21, 2012, the procedure commenced for the mandatory conversion of all the 103,292,310 preference shares and 79,912,800 savings shares of Fiat Industrial S.p.A. into 130,241,397 of the Company's ordinary shares having the same features as the outstanding ordinary shares, with enjoyment rights from January 1, 2012, using a ratio of 0.700 for the preference shares and 0.725 for the savings shares. The mandatory conversion of the preference and savings shares of Fiat Industrial S.p.A. had already been approved by the respective special shareholders' meetings held on April 3, 2012. Pursuant to article 2437-*quater* of the Italian civil code, withdrawal rights were granted to the holders of preference shares and savings shares who did not vote in favor of the relative resolutions at a liquidation value of €4.156 for each preference share and €4.336 for each savings share, and these had to be exercised no later than fifteen days from the date of registration of these resolutions in the Companies' Register, namely April 28, 2012; the conversion of the shares was further also subject to the requirement that the payment made if withdrawal rights are exercised should not exceed €56 million for the preference shares and €44 million for the savings shares. On the expiry of the term for exercising withdrawal rights, withdrawal notifications for 12,476 preference shares equivalent to €51,850 and 23,664 savings shares equivalent to €102,607 had been received. As a result, the conditions precedent for the conversion to proceed were satisfied.

For completeness of information it is recalled that, until the conversion described above, the Net profit reported in the annual financial statements had to be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve was equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.093 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.093 per share;
- to ordinary shares, a dividend of up to €0.0465 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.0465 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining profit which Shareholders would resolve to distribute.

When the dividend paid to savings shares in any year amounted to less than €0.093, the difference would have been added to the preferred dividend to which they were entitled in the following two years.

The following table provides a reconciliation between the number of Fiat Industrial S.p.A. shares outstanding at December 31, 2010 and the number of shares outstanding at December 31, 2012:

(number of shares in thousands)	At December 31, 2010	Capital increase	(Purchases)/ Sales of treasury shares	At December 31, 2011	Conversion of preference and savings shares on May 22, 2012	Capital increase	(Purchases)/ Sales of treasury shares	At December 31, 2012
Ordinary shares issued	80	1,092,248	-	1,092,328	130,241	-	-	**1,222,569**
Less: Treasury shares	-	-	-	-	-	-	(9)	**(9)**
Ordinary shares outstanding	80	1,092,248	-	1,092,328	130,241	-	(9)	**1,222,560**
Preference shares issued	-	103,292	-	103,292	(103,292)	-	-	**-**
Less: Treasury shares	-	-	-	-	-	-	-	**-**
Preference shares outstanding	-	103,292	-	103,292	(103,292)	-	-	**-**
Savings shares issued	-	79,913	-	79,913	(79,913)	-	-	**-**
Less: Treasury shares	-	-	-	-	-	-	-	**-**
Savings shares outstanding	-	79,913	-	79,913	(79,913)	-	-	**-**
						-		
Total Shares issued by Fiat Industrial S.p.A.	**80**	**1,275,453**	**-**	**1,275,533**	**(52,964)**	**-**	**-**	**1,222,569**
Less: Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Total Fiat Industrial S.p.A. outstanding shares	**80**	**1,275,453**	**-**	**1,275,533**	**(52,964)**	**-**	**(9)**	**1,222,560**

Policies and processes for managing capital

Italian laws and regulations regarding the share capital and reserves of a joint stock corporation establish the following:

- the minimum share capital is €120,000;
- any change in the amount of share capital must be approved in a general meeting by shareholders who may delegate powers to the Board of Directors to increase share capital up to a predetermined amount for a maximum period of five years; the general meeting of shareholders is also required to adopt suitable measures when share capital decreases by more than one third as the result of ascertained losses and to reduce share capital if by the end of the following year such losses have not fallen by at least one third. If as the consequence of a loss of more than one third of capital this then falls below the legal minimum, shareholders in general meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change the company's legal form;
- as discussed previously the share in profits due to each share is determined by the bylaws of Fiat Industrial S.p.A.;
- an additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of share capital;
- a company may not purchase treasury shares for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by shareholders in general meeting and in no case may the nominal value of the shares acquired exceed one fifth of share capital.

With the Demerger completed the Group announced a dividend policy for 2011, a year of transition, with the intention of distributing 25% of consolidated profit with a minimum pay-out of €100 million, reserving the duty of drafting a dividend policy for subsequent years to the Board of Directors. For 2011, shareholders approved the distribution of a total dividend of €240 million at the Annual General Meeting held on April 5, 2012 on the basis of the Board of Directors' proposal. The dividend was determined as follows:

- €0.185 per ordinary share, for a total of €202.1 million;
- €0.185 per preference share, for a total of €19.1 million;
- €0.2315 per savings share, for a total of €18.5 million.

On February 1, 2012 the Board of Directors reviewed options relating to the dividend policy. In view of the consistent performance of the businesses and the Group's substantial cash generation capabilities, it is of the opinion that Fiat Industrial could distribute between 25% and 35% of its consolidated net income for any one year, with a minimum pay-out in normal circumstances of €150 million.

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, safeguard business continuity and support the growth of the Group. As a result, the Group endeavors to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds, including by means of achieving an adequate rating.

The Group constantly monitors the evolution of its debt/equity ratio and in particular the level of net debt and the generation of cash from its industrial activities.

To reach these objectives the Group aims at a continuous improvement in the profitability of the business in which it operates. Further, in general, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves. In this context the Group may also purchase treasury shares without exceeding the limits authorized by Shareholders in general meeting, with the same logic of creating value, compatible with the objectives of achieving financial equilibrium and improving its rating.

In this respect capital means the value brought into Fiat Industrial S.p.A. by its shareholders (share capital plus the additional paid-in capital reserve less treasury shares, equal to €2,375 million at December 31, 2012 and to €2,375 million at December 31, 2011) and the value generated by the Group in terms of the results achieved by operations (retained earnings and other reserves, equal in total, before the result for the year, to €2,534 million at December 31, 2012 and to €1,924 million at December 31, 2011, excluding gains and losses recognized directly in equity and non-controlling interests).

Treasury shares

At their General Meeting on April 5, 2012 Shareholders authorized the purchase and disposal of treasury shares, including through subsidiaries. This authorization provides for the purchase of a maximum number of shares, not to exceed the legally established percentage of share capital or an aggregate amount of €0.5 billion. This authorization could be used to service an equity instrument incentive plan designed to provide long-term incentives which was approved by shareholders at the same general meeting; the authorization may also be used for other purposes permitted by law and does not oblige the Company to purchase treasury shares. The buy-back authorization is valid for a period of 18 months from April 5, 2012 and any buy-backs must be carried out in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana on the date prior to the purchase.

At December 31, 2012 treasury shares consisted of 8,528 ordinary shares for a total amount of €66 thousand or 0.0007% of share capital for a total nominal amount of €13 thousands. Treasury shares arise from the monetization by the Company of the excess fractions of ordinary shares arising following the exact application of the conversion ratio as part of the mandatory conversion into ordinary shares of all the preference and savings shares as noted above.

If the Company decides to commence a buyback plan of its own shares, details of the related Program will be publicly disclosed in advance in accordance with applicable regulations and any transactions will be reported on a daily basis to the market and the regulatory authorities.

Capital reserves

At December 31, 2012 capital reserves amounting to €435 million (€452 million at December 31, 2011) consisted mainly of the share premium reserve.

Revenue reserves

Revenue reserves consist mainly of the following:

- the legal reserve of Fiat Industrial S.p.A. of €231 million at December 31, 2012 (€215 million at December 31, 2011);
- retained earnings of €1,487 million at December 31, 2012 (€1,085 million at December 31, 2011);
- profits attributable to the owners of the parent of €810 million at December 31, 2012 (€624 million at December 31, 2011);
- the share-based payment reserve of €6 million at December 31, 2012.

Other comprehensive income

Other comprehensive income may be analyzed as follows:

(€ million)	2012	2011
Gains/(losses) on cash flow hedging instruments arising during the year	(71)	(60)
Gains/(losses) on cash flow hedging instruments reclassified to profit or loss	116	17
Gains/(losses) on cash flow hedging instruments	**45**	**(43)**
Gains/(losses) on the remeasurement of available-for-sale financial assets arising during the year	-	-
Gains/(losses) on the remeasurement of available-for-sale financial assets reclassified to profit or loss	-	-
Gains/(Losses) on the remeasurement of available-for-sale financial assets	**-**	**-**
Exchange gains/(losses) on translating foreign operations arising during the year	(225)	(66)
Exchange gains/(losses) on translating foreign operations reclassified to profit or loss	-	-
Exchange gains/(losses) on translating foreign operations	**(225)**	**(66)**
Share of Other comprehensive income of entities accounted for using the equity method arising during the year	(19)	18
Share of Other comprehensive income of entities accounted for using the equity method reclassified to profit or loss	(28)	3
Share of Other comprehensive income of entities accounted for using the equity method	**(47)**	**21**
Tax effect of the other components of Other comprehensive income	**(10)**	**6**
Total Other comprehensive income, net of tax	**(237)**	**(82)**

The tax effect relating to Other comprehensive income may be analyzed as follows:

	2012			2011		
(€ million)	Pre- tax amount	Tax income/ (expense)	Net balance	Pre- tax amount	Tax income/ (expense)	Net balance
Gains/(losses) on cash flow hedging instruments	45	(10)	35	(43)	6	(37)
Gains/(losses) on the remeasurement of available-for-sale financial assets	-	-	-	-	-	-
Exchange gains/(losses) on translating foreign operations	(225)	-	(225)	(66)	-	(66)
Share of Other comprehensive income of entities accounted for using the equity method	(47)	-	(47)	21	-	21
Total Other comprehensive income	(227)	(10)	(237)	(88)	6	(82)

Non-controlling interests

Non-controlling interests of €787 million at December 31, 2012 (€856 million at December 31, 2011) refer mainly to the 12.6% (11.6% at December 31, 2011) of non-controlling interests in CNH Global N.V.

Share-based compensation

Stock Option plans linked to CNH Global N.V. common shares

CNH Global N.V. ("CNH") has granted share-based compensation to directors officers and employees which are linked to shares and which have the following terms.

The CNH Global N.V. Directors' Compensation Plan ("CNH Directors' Plan")

This plan provides for the payment of the following to eligible members of the CNH Global N.V. Board in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH, provided that such members do not receive salary or other employment compensation from Fiat Industrial S.p.A., CNH Global N.V., Fiat S.p.A., and their subsidiaries and affiliates:

- an annual retainer fee of 100,000 USD;
- an Audit Committee membership fee of 20,000 USD;
- a Corporate Governance and Compensation Committee membership fee of 15,000 USD;
- an Audit Committee chair fee of 35,000 USD; and
- a Corporate Governance and Compensation Committee chair fee of 25,000 USD (collectively, the "Fees").

Each quarter of the CNH Director's Plan year, the eligible directors elect the form of payment of their Fees. If the elected form is common shares, the eligible director will receive as many common shares as equal to the amount of Fees the director elects to forego, divided by the fair market value of a CNH Global N.V. common share. Common shares issued vest immediately upon grant, but cannot be sold for a period of six months. If the elected form is options, the eligible director will receive as many options as the amount of Fees that the director elects to forego, multiplied by four and divided by the fair market value of a common share, such fair market value being equal to the average of the highest and lowest sale price of a CNH Global N.V. common share on the last trading day of the New York Stock Exchange preceding the start of each quarter. Stock options granted as a result of such an election vest immediately, but shares purchased under options cannot be sold for six months following the date of exercise. Stock options terminate upon the earlier of: (1) ten years after the grant date; or (2) six months after the date an individual ceases to be a director.

At December 31, 2012 and 2011, there were 682,747 and 690,993 common shares, respectively reserved for issuance under the CNH Directors' Plan. Directors eligible to receive compensation under the CNH Directors' Plan do not receive benefits upon termination of their service as directors.

Changes during the year under the CNH Directors' Plan are as follows:

	2012		2011	
	Number of options	Weighted Average Exercise Price (in USD)	Number of options	Weighted Average Exercise Price (in USD)
Outstanding at the beginning of the year	65,145	34.59	90,840	31.24
Granted	8,299	39.76	3,101	37.09
Exercised	(6,168)	26.07	(28,796)	24.28
Expired	-	-	-	-
Outstanding at the end of the year	67,276	36.01	65,145	34.59
Exercisable at the end of the year	67,276	36.01	65,145	34.59

The CNH Equity Incentive Plan (the "CNH EIP")

This plan provides for grants of various types of awards on specific performance targets for the sector linked to the IFRS results of CNH, to officers and employees of CNH and its subsidiaries. As of December 31, 2012 and December 31, 2011, CNH has reserved 25,900,000 shares for the CNH EIP. The plan envisages stock options and share incentives as described below.

Stock option plan

CNH began to issue performance-based stock options under the CNH EIP in 2006. In September 2012, CNH granted approximately 700 thousand performance-based stock options (at target award levels) under the CNH EIP. As CNH's 2012 results exceeded the target performance levels, approximately one million of these options were granted overall. One-third of the options vested in February 2013 following the approval of 2012 results of CNH by the Board of Directors of CNH. The remaining options will vest equally on the first and second anniversary of the initial vesting date. Options granted under the CNH EIP have a contractual life of five years from the initial vesting date.

The following table summarizes outstanding stock options under the CNH EIP:

	At December 31, 2012			At December 31, 2011	
Exercise Price (in USD)	Number of options Outstanding	Weighted Average remaining Contractual life (in years)	Weighted Average Exercise Price (in USD)	Number of options Outstanding	Weighted Average Exercise Price (in USD)
13.58 - 19.99	188,990	2.1	13.58	965,672	13.65
20.00 - 29.99	-	-	-	27,896	21.20
30.00 - 39.99	1,238,684	3.1	31.84	2,913,085	32.65
40.00 - 57.30	3,187,443	4.1	45.39	2,218,760	47.60
Total	4,615,117			6,125,413	

Changes during the period in all CNH stock option plans are as follows:

	2012		2011	
	Number of shares	Weighted Average Exercise Price (in USD)	Number of shares	Weighted Average Exercise Price (in USD)
Outstanding at the beginning of the year	**6,125,413**	**33.49**	**5,788,971**	**29.07**
Granted	1,114,725	41.30	1,813,557	47.20
Forfeited	(145,970)	38.33	(269,379)	28.77
Exercised	(2,478,727)	27.53	(1,181,765)	24.44
Expired	(324)	21.20	(25,971)	39.54
Outstanding at the end of the year	**4,615,117**	**40.45**	**6,125,413**	**35.02**
Exercisable at the end of the year	**1,516,240**	**39.66**	**1,895,828**	**33.49**

Performance Share Grants

Under the CNH EIP, performance-based shares may also be granted to selected key employees and executive officers. CNH establishes the period and conditions of performance for each award. Performance-based shares vest upon the attainment of specified performance objectives.

In 2012, CNH issued several grants of performance-based shares throughout the year. These shares will cliff vest in February 2015 based on their respective performance targets. The total number of shares granted is 135,938 with a weighted average fair value of USD40.67 per share.

In 2011, CNH granted 154,000 performance-based share awards under the CNH EIP. The weighted average fair value of the awards is USD39.10. These performance shares are based on the same performance targets which are designated on a cumulative basis for the three-, four- and five-year periods ended December 31, 2012, 2013, and 2014. The first tranche of the performance shares vested in February 2013 following the achievement of the performance targets for the three years ended December 31, 2012. The remaining shares will vest in two equal tranches if respective performance targets for those tranches are achieved.

The following table reflects performance-based share activity under the CNH EIP:

	2012		2011	
	Number of shares	Weighted average grant date fair value (in USD)	Number of shares	Weighted average grant date fair value (in USD)
Non-vested at the beginning of the year	**2,020,000**	**35.07**	**2,017,000**	**34.74**
Granted	135,938	40.67	154,000	39.10
Forfeited	(231,200)	36.71	(151,000)	34.74
Vested	-	-	-	-
Non-vested at the end of the year	**1,924,738**	**35.27**	**2,020,000**	**35.07**

Restricted Share Grants

CNH granted 188,933 and 272,750 restricted share units to selected key employees under CNH EIP with a weighted average fair value of USD43.64 and USD26.91 per share, respectively, in 2012 and 2011. Restricted shares vest in three equal installments over three years starting from the grant date.

The following table reflects restricted share activity under the CNH EIP:

	2012		2011	
	Number of shares	Weighted average grant date fair value (in USD)	Number of shares	Weighted average grant date fair value (in USD)
Non-vested at the beginning of the year	470,269	30.15	316,000	34.62
Granted	188,933	43.64	272,750	26.91
Forfeited	(34,887)	30.41	(17,122)	34.74
Vested	(181,077)	30.99	(101,359)	34.58
Non-vested at the end of the year	**443,238**	**35.54**	**470,269**	**30.15**

As of December 31, 2012, there were 12,072,126 CNH Global N.V. common shares (13,112,372 CNH Global N.V. common shares at December 31, 2011) available for issuance under the CNH EIP.

The Black-Scholes pricing model was used to calculate the fair value of stock options by CNH. The weighted-average assumptions used under the Black-Scholes pricing model were as follows:

	2012	2011
	Equity Incentive Plan	Equity Incentive Plan
Option life (years)	3.39	3.81
Price volatility of CNH Global N.V. shares (%)	51.7	75.1
Expected dividend yield (%)	0.0	0.3
Risk-free interest rate (%)	0.4	1.4

The risk-free interest rate is based on the current U.S. Treasury rate for a bond of approximately the expected life of the options. The expected volatility is based on the historical activity of CNH's common shares over a period at least equal to the expected life of the options. The expected life for the CNH EIP grant is based on the average of the vesting period of each tranche and the original contract term of 65 to 70 months. The expected dividend yield is determined to be zero as management does not expect CNH to issue ordinary dividends in the foreseeable future.

Based on this model, the weighted-average fair values of stock options awarded by CNH under CNH EIP for the years ended December 31, 2012 and 2011 were as follows:

(in USD)	2012	2011
Equity Incentive Plan	13.79	26.24

The total cost recognized in the 2012 income statement for all share-based compensation linked to CNH Global N.V. common shares amounts to €46 million (€45 million in 2011).

Modification

On December 28, 2012, CNH paid a special dividend of USD10 per common share to CNH minority shareholders of record as of December 20, 2012, as part of the merger agreement with Fiat Industrial. In accordance with the anti-dilutive provision of both the CNH EIP and Directors' plan, on January 28, 2013, CNH Corporate Governance and Compensation Committee approved required equitable adjustments to outstanding equity awards. The adjustments have been retrospectively made to outstanding options under CNH EIP and Directors' plan, unvested performance shares and unvested restricted shares under CNH EIP, as of the ex-dividend date on December 18, 2012. The exercise prices have been reduced and the number of outstanding shares has been increased for stock options, and the number of unvested shares has been increased for performance shares and restricted shares, to maintain the pre-dividend fair value. The weighted average exercise price of outstanding options decreased from USD40.45 to USD33.34, the number of outstanding options increased from 4.6 million to 5.6 million, the number of unvested performance shares increased from 1.9 million to 2.3 million and the number of unvested restricted shares increased from 451 thousand to 548 thousand. The aggregate fair value, the aggregate intrinsic value and the ratio of the exercise price to the market price are approximately equal immediately before and after the adjustment. Therefore, no additional compensation expense was recognized in 2012.

Stock grant plans linked to Fiat Industrial S.p.A. ordinary shares

In the General Meeting held on April 5, 2012, Shareholders approved the adoption of a Long Term Incentive Plan articulated in two components (Company Performance LTI and Retention LTI) taking the form of stock grants. According to the Plan, the Company has granted the Chairman 1 million rights as part of the Company Performance LTI and 1.1 million rights as part of the Retention LTI.

In the case of the Retention LTI, one third of the rights vest on each of February 22, 2013, February 22, 2014 and February 22, 2015, on condition that Mr. Marchionne remains Chairman.

The rights to the Company Performance LTI will vest on condition that predetermined financial performance targets for the period from January 1, 2012 to December 31, 2014 are met and on condition that the beneficiary remains in office up to the date of approval of the consolidated financial statements at December 31, 2014 by the Board of Directors; the rights shall be exercised in a single installment subsequent to the date of approval of the consolidated financial statements at December 31, 2014 by the Board of Directors.

The Plan does not envisage the issue of any new shares and will be served by treasury shares. The Company may additionally replace, wholly or in part, the free of charge granting of the shares with the payment of a sum of money whose amount is based on the official price of the shares recorded by Borsa Italiana at the vesting date.

At December 31, 2012, the contractual terms of the Long Term Incentive Plan were therefore as follows:

Plan	Beneficiary	Number of shares	*Vesting date*	Vesting portion
Company Performance LTI	Chairman	1,000,000	1st Quarter 2015 (*)	1,000,000
Retention LTI	Chairman	1,100,000	February 22, 2013	366,667
			February 22, 2014	366,667
			February 22, 2015	366,666

(*) On approval of the prior year's consolidated financial statements

The following table reflects share activity under the Company Performance LTI:

	2012	
	Number of shares	Weighted average grant date fair value (in €)
Non-vested at the beginning of the year	-	
Granted	1,000,000	7.795
Forfeited	-	
Vested	-	
Non-vested at the end of the year	**1,000,000**	**7.795**

The following table reflects share activity under the Retention LTI:

	2012	
	Number of shares	Weighted average grant date fair value (in €)
Non-vested at the beginning of the year	-	
Granted	1,100,000	7.795
Forfeited	-	
Vested	-	
Non-vested at the end of the year	**1,100,000**	**7.795**

The total cost recognized in the 2012 income statement for Stock grant plans linked to Fiat Industrial S.p.A. ordinary shares amounts to €6.2 million.

25. Provisions for employee benefits

Group companies provide post-employment benefits for their active employees and for retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates, the benefits generally being based on the employees' remuneration and years of service.

Group companies provide post-employment benefits under defined contribution and defined benefit plans.

In the case of defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The entity recognizes the contribution cost when the employee has rendered his service and includes this cost by function in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2012, these expenses totaled €490 million (€520 million in 2011).

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions made by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment. The plans are classified by the Group on the basis of the type of benefit provided as follows: Health care plans, Pension plans, Employee leaving entitlements in Italy (TFR) and Other post-employment benefits.

Health care plans

The item Health care plans comprises obligations for health care and insurance plans granted to employees of the Group working in the United States and Canada (relating to CNH). These plans generally cover employees retiring on or after reaching the age of 55 who have had at least 10 years of service. CNH United States salaried and non-represented hourly employees and Canadian employees hired after January 1, 2001 and January 1, 2002, respectively, are not eligible for postretirement health care and life insurance benefits under the CNH plans. Until December 31, 2006 these plans were fully unfunded; starting in 2007, the Group began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American health care plans.

Pension plans

The item Pension plans consists principally of the obligations of CNH companies operating in the United States and in the United Kingdom and the obligations of Iveco companies operating in Germany (towards certain employees and former employees of the Group) and in the United Kingdom.

Under these plans, a contribution is generally made to a separate fund (trust) which independently administers the plan assets. The Group's funding policy is to contribute amounts to the plan equal to the amounts required to satisfy the minimum funding requirements prescribed by the laws and regulations of each individual country. Prudently the Group makes discretionary contributions in addition to the funding requirements. If these funds are overfunded, that is if they present a surplus compared to the requirements of law, the Group companies concerned could not be required to contribute to the plan in respect of a minimum performance requirement as long as the fund is in surplus.

The investment strategy for these assets depends on the features of the plan and on the maturity of the obligations. Typically long-term plan benefit obligations are funded by investing mainly in equity securities which are expected to achieve long-term growth exceeding inflation; short and medium-term plan benefit obligations are funded by investing in fixed income securities, which are less volatile.

Reserve for Employee leaving entitlements in Italy (TFR)

The TFR consists of the residual obligation for employee leaving entitlements which was required until December 31, 2006 under Italian legislation to be paid to employees of Italian companies with more than 50 employees when leaving the company, and accrued over the employee's working life for other companies. This provision is settled to retiree employees and may be partially paid in advance if certain conditions are met. This is an unfunded defined benefit post-employment plan.

Other post-employment benefits

The item Other post-employment benefits includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee leaves the company; and for French entities the *Indemnité de depart à la retraite*, a plan similar to the Italian TFR. These schemes are unfunded.

Provisions for employee benefits at December 31, 2012 and 2011 are as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Post-employment benefits:		
Health care plans	852	881
Pension plans	447	468
Employee leaving entitlements in Italy	192	200
Other post-employment benefits	137	134
Total Post-employment benefits	1,628	1,683
Other provisions for employees	242	323
Other long-term employee benefits	71	64
Total Provision for employee benefits	**1,941**	**2,070**
Defined benefit plan assets	256	215
Total Defined benefits plan assets	**256**	**215**

The item Other provisions for employees consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Group within twelve months of the end of the period in which the employees render the related service.

The item Other long-term employee benefits consists of the Group's obligation for those benefits generally payable during employment on reaching a certain level of seniority in the company or when a specified event occurs, and reflects the probability of payment and the length of time over which this will be made.

In 2012 and in 2011 changes in Other provisions for employees and in Other long-term employee benefits are as follows:

(€ million)	At December 31, 2011	Provision	Utilization	Change in the scope of consolidation and other changes	At December 31, 2012
Other provisions for employees	323	220	(272)	(29)	242
Other long-term employee benefits	64	14	(6)	(1)	71
Total	**387**	**234**	**(278)**	**(30)**	**313**

(€ million)	At December 31, 2010	Provision	Utilization	Change in the scope of consolidation and other changes	At December 31, 2011
Other provisions for employees	285	78	(55)	15	323
Other long-term employee benefits	59	8	(5)	2	64
Total	**344**	**86**	**(60)**	**17**	**387**

Post-employment benefits and Other long-term employee benefits are calculated on the basis of the following main assumptions:

	At December 31, 2012				At December 31, 2011			
(in %)	Italy	USA	UK	Germany	Italy	USA	UK	Germany
Discount rate	3.62	3.80	4.20	3.00	4.52	4.60	5.00	4.70
Future salary increase trend rate	2.48	n/a	3.25	3.00	3.15	n/a	3.50	3.00
Inflation rate	2.00	n/a	3.00	n/a	2.00	n/a	3.25	n/a
Weighted average, initial healthcare cost trend rate	n/a	7.00	n/a	n/a	n/a	7.50	n/a	n/a
Weighted average, ultimate healthcare cost trend rate	n/a	5.00	n/a	n/a	n/a	5.00	n/a	n/a
Expected return on plan assets	n/a	7.50(*) 7.25(**)	6.75	4.25	n/a	7.75	6.75	4.25

(*) Expected return on plan assets for Pension plans
(**) Expected return on plan assets for Health-care plans

The assumed discount rates are used in measurements of pension and postretirement benefit obligations and interest cost components of net periodic cost. The discount rates of the U.S., European, U.K. and Canadian obligations are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date. The benefit cash flow-matching approach involves analyzing Group's projected cash flows against a high quality bond yield curve, mainly calculated using a wide population of AA-graded corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for the Group's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

The expected long-term rate of return on plan assets reflects management's expectations on long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering asset allocation and investment strategy, premiums for active management to the extent asset classes are actively managed and plan expenses. Return patterns and correlations, consensus return forecasts and other relevant financial factors are analyzed to check for reasonability and appropriateness.

The assumed health care trend rate represents the rate at which health care costs are assumed to increase. Rates are determined based on CNH's specific experience, consultation with actuaries and outside consultants, and various trend factors including general and health care sector-specific inflation projections from the United States Department of Health and Human Services Health Care Financing Administration for CNH's U.S. assumptions. The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of health care cost inflation based on general inflation, incremental medical inflation, technology, new medicine, government cost-shifting, utilization changes, aging population, and a changing mix of medical services.

Assumed health care cost trend rates have a significant effect on the amount recognized in the 2012 financial statements. A one percentage point change in assumed health care cost trend rates would have the following effects:

(€ million)	One percentage point increase	One percentage point decrease
Effect on the aggregate of service costs and interest cost in 2012	6	(4)
Effect on defined benefit obligation at December 31, 2012	118	(89)

The amounts recognized in the statement of financial position for post-employment benefits at December 31, 2012 and 2011 are as follows:

	Health care plans		Pension plans		Employee leaving entitlements in Italy		Other	
	At December 31,		At December 31,		At December 31,		At December 31,	
(€ million)	2012	2011	2012	2011	2012	2011	2012	2011
Present value of funded obligations	859	853	2,240	1,859	-	-	-	-
Fair value of plan assets	(69)	(62)	(1,974)	(1,846)	-	-	-	-
	790	791	266	13	-	-	-	-
Present value of unfunded obligations	44	45	381	557	197	191	179	147
Unrecognized actuarial gains/(losses)	16	41	(459)	(317)	(5)	9	(22)	-
Unrecognized past service cost	2	4	-	-	-	-	(20)	(13)
Unrecognized assets	-	-	3	-	-	-	-	-
Net liability	**852**	**881**	**191**	**253**	**192**	**200**	**137**	**134**
Amounts at year end:								
Liabilities	852	881	447	468	192	200	137	134
Assets	-	-	(256)	(215)	-	-	-	-
Net liability	**852**	**881**	**191**	**253**	**192**	**200**	**137**	**134**

The amounts recognized in the income statement for Post-employment benefits are as follows:

	Health care plans		Pension plans		Employee leaving entitlements in Italy		Other	
(€ million)	2012	2011	2012	2011	2012	2011	2012	2011
Current service cost	7	6	17	18	-	-	7	7
Interest costs	40	41	111	112	5	5	6	6
Expected return on plan assets	(5)	(4)	(126)	(115)	-	-	-	-
Net actuarial losses/(gains) recognized	-	-	28	22	-	-	3	1
Past service costs	(1)	(3)	-	-	-	-	2	1
Paragraph 58 adjustment	-	-	-	1	-	-	-	-
Losses/(gains) on curtailments and settlements	-	-	(1)	-	-	-	-	-
Total Costs/(gains)	**41**	**40**	**29**	**38**	**5**	**5**	**18**	**15**
Actual return on plan assets	**9**	**11**	**173**	**115**	**n/a**	**n/a**	**n/a**	**n/a**

Changes in the present value of Post-employment obligations are as follows:

(€ million)	Health care plans		Pension plans		Employee leaving entitlements in Italy		Other	
	2012	2011	2012	2011	2012	2011	2012	2011
Present value of obligation at the beginning of the year	898	858	2,416	2,385	191	198	147	151
Current service cost	7	6	17	18	-	-	7	7
Interest costs	40	41	111	112	5	5	6	6
Contribution by plan participants	5	4	3	3	-	-	-	-
Actuarial losses/(gains) generated	30	16	225	(27)	15	(1)	26	(5)
Exchange rate differences	(17)	28	-	61	-	-	-	-
Benefits paid	(60)	(55)	(150)	(146)	(14)	(18)	(15)	(12)
Past service cost	-	-	-	-	-	-	9	-
Change in scope of consolidation	-	-	-	10	-	7	-	1
(Gains)/losses on curtailments	-	-	(1)	-	-	-	(1)	-
(Gains)/losses on settlements	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	(1)
Present value of obligation at the end of the year	903	898	2,621	2,416	197	191	179	147

Changes in the fair value of plan assets are as follows:

(€ million)	Health-care plans		Pension plans	
	2012	2011	2012	2011
Fair value of plan assets at the beginning of the year	62	56	1,846	1,720
Expected return on plan assets	5	4	126	115
Actuarial gains/(losses) generated	4	7	47	-
Exchange rate differences	(1)	2	-	55
Contribution by employer	54	44	93	83
Contribution by plan participants	5	4	3	3
Benefits paid	(60)	(55)	(141)	(136)
Change in scope of consolidation	-	-	-	6
(Gains)/losses on settlements	-	-	-	-
Other changes	-	-	-	-
Fair value of plan assets at the end of the year	69	62	1,974	1,846

Plan assets for Pension and Health-care plans mainly consist of listed equity instruments, fixed income securities, cash in hand and other types of investments.

Plan assets do not include treasury shares of Fiat Industrial S.p.A. or properties occupied by Group companies.

Plan assets may be summarized as follows:

	At December 31, 2012	At December 31, 2011
Third party equity instruments	31%	35%
Third party debt instruments	51%	51%
Properties occupied by third parties	1%	1%
Other assets	17%	13%

Provided that the above plan assets are measured at fair value at December 31, 2012 there was no exposure to sovereign debt securities which might have suffered impairment losses.

The present value of the defined benefit obligations, the fair value of plan assets and the surplus or deficit of the plans for 2012 and at the end of the four previous years are as follows:

(€ million)	At December 31, 2012	At December 31, 2011	At December 31, 2010	At December 31, 2009	At December 31, 2008
Present value of obligation:					
Health care plans	**903**	898	858	792	846
Pension plans	**2,621**	2,416	2,385	2,137	1,912
Employee leaving entitlements in Italy	**197**	191	198	202	221
Others	**179**	147	151	136	158
Fair value of plan assets:					
Health care plans	**69**	62	56	46	39
Pension plans	**1,974**	1,846	1,720	1,526	1,332
Surplus (deficit) of the plan:					
Health care plans	**(834)**	(836)	(802)	(746)	(807)
Pension plans	**(647)**	(570)	(665)	(611)	(580)
Employee leaving entitlements in Italy	**(197)**	(191)	(198)	(202)	(221)
Others	**(179)**	(147)	(151)	(136)	(158)

The best estimate of expected contribution to pension and health care plans for 2013 is as follows:

(€ million)	2013
Pension plans	**89**
Health care plans	**63**
Total expected contribution	**152**

26. Other provisions

Changes in Other provisions are as follows:

(€ million)	At December 31, 2011	Charge	Utilization	Release to income	Other changes	At December 31, 2012
Warranty and technical assistance provision	776	649	(584)	(32)	(7)	**802**
Restructuring provision	91	155	(94)	(9)	(9)	**134**
Investment provision	-	-	-	-	5	**5**
Other risks	1,603	3,177	(2,977)	(68)	(28)	**1,707**
Total Other provisions	**2,470**	**3,981**	**(3,655)**	**(109)**	**(39)**	**2,648**

In 2012, the negative effect of exchange rate differences amounts to €33 million (positive effect of €13 million in 2011).

The warranty and technical assistance provision represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations arising from product warranties given for a specified period of time which begins at the date of delivery to the customer. This estimate has been calculated considering past experience and specific contractual terms. This provision also includes management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a larger recall of vehicles. This provision for risks is developed through an assessment of reported damages or returns on a case-by-case basis.

The restructuring provision comprises the estimated amount of benefits payable to employees on termination in connection with restructuring plans amounting to €117 million at December 31, 2012 (€72 million at December 31, 2011), costs for exit activities amounting to nil at December 31, 2012 (€2 million at December 31, 2011) and other costs totaling €17 million at December 31, 2012 (€17 million at December 31, 2011).

The total balance at December 31, 2012 relates to restructuring programs of the following segments (in € million): Iveco 117 (54 at December 31, 2011), CNH 10 (15 at December 31, 2011) and FPT Industrial 7 (22 at December 31, 2011).

The provision for other risks represents the amounts set aside by the individual companies of the Group principally in connection with contractual and commercial risks and disputes. The more significant balances of these provisions are as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Sales incentives	909	848
Legal proceedings and other disputes	350	286
Commercial risks	323	352
Environmental risks	34	35
Other reserves for risk and charges	91	82
Total Other risks	**1,707**	**1,603**

A description of these follows:

- *Sales incentives* - these provisions relate to sales incentives that are offered on a contractual basis to the dealer networks and primarily given if the dealers achieve a specific cumulative level of sales transactions during the calendar year. This provision is estimated based on the basis of the information available for the sales made by the dealers during the calendar year.
- *Legal proceedings* and other disputes - this provision represents management's best estimate of the liability to be recognized by the Group with regard to:
  - Legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual, patent or antitrust disputes).
  - Legal proceedings involving claims with active and former employees.
  - Legal proceedings involving different tax authorities.

  None of these provisions is individually significant. Each Group company recognizes a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the probable liability, each Group company assesses its legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the company and others in similar situations and the company's intentions with regard to further action in each proceeding. Fiat Industrial's consolidated provision combines the individual provisions established by each of the Group's companies.

- Commercial risks - this provision includes the amount of obligations arising in connection with the sale of products and services such as maintenance contracts. An accrual is made when the expected costs to complete the services under these contracts exceed the revenues expected to be realized.
- Environmental risks – this provision represents management's best estimate of the Group's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.

27. Debt

An analysis of debt by nature and due date is as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Asset-backed financing	5,159	4,518	31	9,708	6,065	3,383	31	9,479
Bonds	883	3,341	1,200	5,424	167	2,360	2,359	4,886
Borrowings from banks	2,484	2,329	361	5,174	2,764	2,669	115	5,548
Payables represented by securities	121	17	-	138	78	12	-	90
Other	81	35	73	189	132	24	58	214
Total Other debt	3,569	5,722	1,634	10,925	3,141	5,065	2,532	10,738
Total Debt	8,728	10,240	1,665	20,633	9,206	8,448	2,563	20,217

The item Asset-backed financing represents the financing received through both securitization and factoring transactions which does not meet IAS 39 derecognition requirements and is recognized as an asset in the statement of financial position. In 2012 there was an increase of approximately €344 million in asset backed financing, excluding exchange differences.

During the year Other debt increased, net of exchange differences, by €431 million. This increase is mainly due to the issue of new bonds, an increase in the use of available credit facilities and new medium-long term loans, partially offset by the repayment by the Iveco Capital group of the loans with Barclays outstanding at the end of 2011.

The major bond issues outstanding at December 31, 2012 by the Group are the following:

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Outstanding amount (€ million)
Global Medium Term Notes:					
Fiat Industrial Finance Europe S.A. (1)	EUR	1,000	5.250%	March 11, 2015	1,000
Fiat Industrial Finance Europe S.A. (1)	EUR	1,200	6.250%	March 9, 2018	1,200
Total Global Medium Term Notes					2,200
Other bonds:					
Case New Holland Inc.	USD	1,000	7.750%	September 1, 2013	758
CNH Capital LLC	USD	750	3.875%	November 1, 2015	568
CNH America LLC	USD	254	7.250%	January 15, 2016	193
CNH Capital LLC	USD	500	6.250%	November 1, 2016	379
Case New Holland Inc.	USD	1,500	7.875%	December 1, 2017	1,137
Total Other bonds					3,035
Hedging effect and amortized cost valuation					189
Total Bonds					5,424

(1) Bond listed in the Irish Stock Exchange

More specifically, during 2012 CNH Capital LLC issued a bond at par having a nominal value of USD 750 million, falling due in 2015 and bearing fixed interest at a rate of 3.875%, payable semi-annually.

The bonds issued by the Group are governed by different terms and conditions according to their type; more specifically these are as follows, in addition to the above-mentioned bond issued in 2012:

- a bond issued at par by Fiat Industrial Finance Europe S.A. as part of the Global Medium Term Notes Program, having a nominal value of €1,000 million, falling due in 2015 and bearing fixed interest at a rate of 5.250%;
- a bond issued at par by Fiat Industrial Finance Europe S.A. as part of the Global Medium Term Notes Program, having a nominal value of €1,200 million, falling due in 2018 and bearing fixed interest at a rate of 6.250%;
- a bond issued at par by CNH Capital LLC having a nominal value of USD 500 million, falling due in 2016 and bearing fixed interest at a rate of 6.250%, payable semi-annually;
- a bond issued by Case New Holland Inc. at a price of 97.062% of its nominal value of USD 1 billion, falling due in 2013 and bearing fixed interest at a rate of 7.75%, payable semi-annually;
- a bond issued by CNH America LLC for a total amount outstanding of USD 254 million, falling due in 2016;
- a bond issued by Case New Holland Inc. at a price of 99.32% of its nominal value of USD 1,500 million, falling due in 2017 and bearing fixed interest at a rate of 7.875%.

The unaudited prospectuses and offering circulars, or abstracts of these, relating to the above-mentioned principal bond issues are available on the Group's website at www.fiatindustrial.com under "Investor Relations – Financial Reports".

The bonds issued by the Group contain commitments of the issuer, and in certain cases commitments of Fiat Industrial S.p.A. in its capacity as guarantor, which are typical of international practice for bond issues of this type, such as in particular, negative pledges, *pari passu* and cross default clauses. A breach of these commitments can lead to the early repayment of the issued notes. In addition, the agreements for the bonds guaranteed by Fiat Industrial S.p.A. contain clauses which could lead to early repayment if there is a change of control of Fiat Industrial S.p.A. associated with a downgrading by a ratings agency.

The Group intends to repay the issued bonds in cash at due date by utilizing available liquid funds. In addition, Group companies may from time to time buy back bonds on the market that have been issued by the Group, also for the purposes of cancellation. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Available committed credit lines expiring after twelve months amount to €1.6 billion at December 31, 2012. Of these credit lines, the €2 billion syndicated credit facility of Fiat Industrial, guaranteed by the parent company and available for €1 million at December 31, 2012, envisages typical covenants for contracts of this type and size, such as financial covenants (Net debt/EBITDA and EBITDA/Net interest ratios relating to industrial activities) and negative pledges, *pari passu* and cross default and change of control clauses. The failure to comply with these covenants, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans.

At December 31, 2012 there were no breaches of the above commitments.

The annual interest rates and the nominal currencies of debt at December 31, 2012 are as follows:

	Interest rate					
(€ million)	less than 5%	from 5% to 7.5%	from 7.5% to 10%	from 10% to 12.5%	greater than 12.5%	Total at December 31, 2012
US dollar	6,615	609	1,896	6	1	9,127
Euro	6,243	1,201	-	-	-	7,444
Brazilian real	116	1,022	375	-	6	1,519
Canadian dollar	1,344	-	-	-	-	1,344
Australian dollar	679	110	-	-	-	789
British pound	111	-	-	-	-	111
Chinese renminbi	-	89	5	-	-	94
Argentine peso	-	-	-	-	72	72
Polish zloty	1	70	-	-	-	71
Danish krone	32	-	-	-	-	32
Other	8	-	-	7	15	30
Total Debt	15,149	3,101	2,276	13	94	20,633

Debt with annual nominal interest rates in excess of 12.5% relates principally to the companies operating in Argentina and Russia.

For further information on the management of interest rate and currency risk reference should be made to the section Risk Management and to Note 33.

The fair value of Debt at December 31, 2012 amounts to €21,117 million (€20,157 million at December 31, 2011), determined using the quoted market price of similar instruments, if available, or the related discounted cash flows. The amount has been calculated using the interest rates stated in Note 19, suitably adjusted to take account of the Group's current creditworthiness.

At December 31, 2012 the Group had outstanding financial lease agreements for certain property, plant and equipment whose net carrying amount totaling €76 million (€51 million at December 31, 2011) is included in Property, plant and equipment (Note 15). Payables for finance leases included in Other debt amount to €49 million at December 31, 2012 (€48 million at December 31, 2011) and may be analyzed as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Minimum future lease payments	6	16	27	49	5	19	25	49
Interest expense	-	-	-	-	-	(1)	-	(1)
Present value of minimum lease payments	6	16	27	49	5	18	25	48

As discussed in Note 15, finance lease payables also relate to suppliers' assets recognized in the consolidated financial statements in accordance with IFRIC 4.

Debt secured by mortgages on assets of the Group amounts to €112 million at December 31, 2012 (€113 million at December 31, 2011), of which €49 million (€48 million at December 31, 2011) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €143 million at December 31, 2012 (€119 million at December 31, 2011). In addition the Group's assets include current receivables and cash with a pre-determined use to settle asset-backed financing of €9,708 million at December 31, 2012 (€9,479 million at December 31, 2011).

Net financial position

In compliance with the Consob Regulation issued on July 28, 2006 and in conformity with CESR's "*Recommendations for the Consistent Implementation of the European Commission's Regulation on Prospectuses*" issued on February 10, 2005, the Net financial position of the Group is as follows:

	At December 31, 2012		At December 31, 2011	
(€ million)	Total	of which Related parties	Total	of which Related parties
A. Cash and cash equivalents	4,611	35	5,639	18
B. Current securities (securities held for trading)	4	-	68	-
C. Liquidity (C) = (A+B)	4,615	35	5,707	18
D. Receivables from financing activities (Current financial receivables)	15,237	18	13,946	12
E. Other financial assets	121	-	118	-
F. Debt	20,633	10	20,217	8
G. Other financial liabilities	97	-	157	-
H. Net financial position (H) = (C+D+E-F-G)	(757)	53	(603)	22

The item Receivables from financing activities includes the entire portfolio of the financial services entities, classified as current assets as they will be realized during the normal operating cycle of these companies.

The following is a reconciliation between the Net financial position as presented in the above table and Net debt as presented in the Report on Operations:

(€ million)	At December 31, 2012	At December 31, 2011
Consolidated net debt as presented in Report on Operations	(15,994)	(14,549)
Less: Current financial receivables	15,237	13,946
Net financial position	(757)	(603)

Reference should be made to Notes 19, 20, 21 and 22 and the information provided in this Note for a further analysis of the items in the table.

28. Trade payables

An analysis by due date of trade payables is as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Trade payables	4.838	4	1	4.843	5.043	7	2	5.052

The carrying amount of Trade payables is in line with their fair value at the balance sheet date.

29. Other current liabilities

An analysis of Other current liabilities is as follows:

(€ million)	At December 31, 2012	At December 31, 2011
Advances on buy-back agreements	1,073	983
Indirect tax payables	383	355
Accrued expenses and deferred income	397	363
Payables to personnel	222	241
Social security payables	184	169
Other	407	384
Total current liabilities	2,666	2,495

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Other current liabilities (excluding Accrued expenses and deferred income)	1,568	613	88	2,269	1.503	581	48	2.132

Advances on buy-back agreements refer to agreements entered into by the Group during the year or which still remain effective at the balance sheet date, and relate to assets included in Property, plant and equipment. The item Advances on buy-back agreements consists of the following:

- at the date of the sale, the price received for the product is recognized as an advance in liabilities;
- subsequently, since the difference between the original sales price and the repurchase price is recognized in profit or loss as operating lease installments on a straight line basis over the lease term, the balance represents the remaining lease installments yet to be recognized in income plus the repurchase price.

The carrying amount of Other current liabilities is in line with their fair value.

30. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At December 31, 2012, the Group has granted guarantees on the debt or commitments of third parties or jointly controlled and associated entities totaling €486 million (€612 million at December 31, 2011).

Operating lease contracts

The Group has entered operating lease contracts for the right to use industrial buildings and equipment with an average term of 10-20 years and 3-5 years, respectively. Total future minimum lease payments under non-cancellable lease contracts are as follows:

	At December 31, 2012				At December 31, 2011			
(€ million)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Future minimum lease payments under operating lease contracts	56	124	49	229	41	86	35	162

In 2012, the Group recognized costs for lease payments of €47 million (€48 million in 2011).

Contingent liabilities

As a global company with a diversified business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results. At December 31, 2012, contingent liabilities estimated by the Group amount to approximately €39 million (approximately €41 million at December 31, 2011), for which no provisions have been recognized since an outflow of resources is not considered probable at the present time. At December 31, 2012, no contingent assets and expected reimbursements have been estimated in connection with these contingent liabilities, while contingent assets and expected reimbursements of €2 million were estimated but not recognized at December 31, 2011.

Instead, when it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognizes specific provisions for this purpose.

Starting January 2011, Iveco and certain of its competitors have been subject to an investigation being conducted by the European Commission into certain business practices of the leading manufacturers of commercial vehicles in the European Union in relation to possible anti-competitive behavior. It is not possible at the present moment to predict when and in what way these investigations will be concluded.

Under Italian law, as a consequence of the Demerger, Fiat Industrial continues to be liable jointly with Fiat for payables of Fiat S.p.A. (Fiat) that arose prior to effective date of the Demerger and were still outstanding at that date. This statutory liability is limited to the value of the net assets attributed to Fiat Industrial in the Demerger and will survive until such liabilities of Fiat existing as of the Demerger will be satisfied. At the time of the Demerger (January 1, 2011) Fiat S.p.A. had outstanding liabilities for bonds and others totaling approximately €15 billion, €9 billion of which due to bonds. At the date of this report, those liabilities decreased to approximately €4.6 billion, €3.8 of which due to bonds. Furthermore, Fiat Industrial may be responsible jointly with Fiat in relation to tax payables, even if such liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. Such potential liabilities, like all other liabilities of Fiat Industrial, will be assumed by the company that becomes successor to Fiat Industrial following the Merger. Fiat Industrial evaluated as extremely remote the risk of Fiat S.p.A.'s insolvency and therefore no specific provision has been accrued in respect of the above mentioned joint-liabilities.

31. Segment reporting

The operating segments through which the Group carries out its activities are based on the internal reporting used by the Fiat Industrial Group's Chairman to make strategic decisions. That reporting is broken down in 2012 by the various products and services offered by the Group and prepared in accordance with the accounting policies described under Significant Accounting Policies above.

The individual operating segments derive revenues from their usual production and sales activities as follows:

- The Agricultural and Construction Equipment segment (CNH) is active globally in the design, production and sale of agricultural and construction equipment. This segment also provides financial services to its end customers and dealers directly and indirectly in certain European countries through a joint venture with the BNP Paribas Group.
- The Trucks and Commercial Vehicles segment (Iveco) earns its revenues from the production and sale, predominantly in Europe, of trucks and commercial vehicles, buses and special use vehicles. The segment also offers financial services directly to its customers and dealers in Europe.
- The FPT Industrial segment earns its revenues from the production and sale of engines and transmissions for trucks and commercial vehicles and for agricultural and construction equipment, as well as for Marine and Power Generation uses.

Revenues generated by Other activities refer to components that do not satisfy the requirements of IFRS 8 to be considered an Operating segment.

The Group assesses the performance of its operating segments on the basis of the Trading profit/(loss), Operating profit/(loss) and Result from investments earned by those segments.

Revenues for each reported segment are those directly generated by or attributable to the segment as a result of its usual business activities and include revenues from transactions with third parties as well as those deriving from transactions with other segments, recognized at normal market prices. For those operating segments which also provide financial services activities, revenues include interest income and other financial income deriving from those activities. Segment expenses represent expenses deriving from each segment's business activities both with third parties and other operating segments or which may otherwise be directly attributable to it. Expenses deriving from business activities with other segments are recognized at normal market prices. For those operating segments which also carry out financial services activities, expenses include interest expense and other financial expense deriving from those activities.

The measure used to assess profit and loss for each operating segment is Operating profit/(loss). Trading profit/(loss) is reported as a specific part of the Operating profit/(loss) to separate the income and expense that is non-recurring in the ordinary operations of the business, such as gains and losses from the disposal of investments or restructuring costs, from profit or loss attributable to the Segments. Financial income and expense and taxes not deriving from operating activities are recognized centrally and reported under Unallocated items & adjustments.

Details of the income statement by operating segment for the years ended December 31, 2012 and 2011 are as follows:

	2012						2011					
(€ million)	CNH	Iveco	FPT Industrial	Other Activities	Unallocated items & adjustments	Fiat Industrial Group	CNH	Iveco	FPT Industrial	Other Activities	Unallocated items & adjustments	Fiat Industrial Group
Segment revenues	16,056	8,924	2,933	18	(2,146)	25,785	13,896	9,562	3,220	9	(2,398)	24,289
Revenues from transactions with other operating segments	(17)	(165)	(1,946)	(18)	2,146	-	(34)	(190)	(2,165)	(9)	2,398	-
Revenues from external customers	16,039	8,759	987	-	-	25,785	13,862	9,372	1,055	-	-	24,289
Trading profit/(loss)	1,566	469	142	(93)	(5)	2,079	1,154	490	107	(53)	(12)	1,686
Unusual income/(expense)	(37)	(181)	-	1	-	(217)	27	(82)	(1)	(1)	-	(57)
Operating profit/(loss)	1,529	288	142	(92)	(5)	1,862	1,181	408	106	(54)	(12)	1,629
Financial income/(expense)					(458)	(458)					(546)	(546)
Interest in profit/(loss) of joint ventures and associates accounted for using the equity method	82	3	-	-	1	86	85	13	-	-	(1)	97
Other profit/(loss) from investments	-	(5)	-	-	-	(5)	-	(11)	-	-	-	(11)
Result from investments	82	(2)	-	-	1	81	85	2	-	-	(1)	86
Profit/(loss) before taxes						1,485						1,169
Income taxes					564	564					468	468
Profit/(loss) from continuing operations						921						701
Amortization and depreciation	(349)	(221)	(152)	-	3	(719)	(292)	(232)	(145)	-	3	(666)
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash items other than depreciation and amortization	(3,291)	(618)	(35)	(55)	-	(3,999)	(2,796)	(633)	(58)	(20)	-	(3,507)
Reversal of impairment losses on Intangible assets and Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-

Segment assets are the assets deployed by each segment in carrying out its usual activities or those which may be reasonably allocated to it on the basis of its usual activities, including the value of investments in joint ventures and associates.

The amount included in Other Activities mainly refers to investments consolidated on line by line basis other than those already included in the Operating segments, and eliminated in the column Unallocated items & adjustments.

Segment liabilities are those liabilities arising directly from each segment's usual activities or which may be reasonably allocated to it on the basis of its usual activities. The Group's treasury and tax activities are managed centrally and, therefore, are not allocated to the individual segments as they do not directly relate to operating activities. These assets and liabilities are not included in the assets and liabilities attributed to the segments, but are instead reported under Unallocated items and adjustments. In particular, treasury assets include the amounts receivable from financing activities, other non-current receivables, securities and other financial assets, and cash and cash equivalents of the Group's industrial entities. Treasury liabilities, on the other hand, include the debt and other financial liabilities of the Group's industrial entities. As the segment Profit/(loss) includes the Interest income and other financial income and Interest expense and other financial expense of the financial services entities, the operating assets of CNH and Iveco also include the financial assets (predominantly the loan portfolio) of their financial services companies. Similarly, the liabilities for those segments include the debt of the financial services companies. The unallocated Group debt, therefore, represents the debt of industrial entities only.

	At December 31, 2012						At December 31, 2011					
(€ million)	CNH	Iveco	FPT Industrial	Other Activities	Unallocated items & adjustments	Fiat Industrial Group	CNH	Iveco	FPT Industrial	Other Activities	Unallocated items & adjustments	Fiat Industrial Group
Segment assets	22,666	10,273	1,911	7,836	(8,364)	34,322	21,267	9,718	1,954	6,885	(7,489)	32,335
Tax assets					1,388	1,388					1,852	1,852
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies					158	158					103	103
Cash and cash equivalents, Current securities and Other financial assets of industrial companies					3,069	3,069					4,353	4,353
Total Treasury assets					3,227	3,227					4,456	4,456
Total unallocated assets					4,615	4,615					6,308	6,308
Total Assets						38,937						38,643
Segment operating assets include:												
Investments in subsidiaries, associates and joint ventures accounted for using the equity method	264	211	-	-	(11)	464	393	231	-	-	(10)	614
Increases in non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	758	439	152	236	(236)	1,349	546	404	168	155	(176)	1,097
Segment liabilities	18,047	9,186	1,187	87	(515)	27,992	17,013	8,853	1,389	34	(522)	26,767
Tax liabilities					512	512					873	873
Treasury liabilities					4,711	4,711					5,592	5,592
Total unallocated liabilities					5,223	5,223					6,465	6,465
Total Liabilities						33,215						33,232

32. Information by geographical area

The Group's parent company has its registered office in Italy. In 2012, revenues earned in Italy from external customers totaled € 2,045 million (€2,465 million in 2011) and revenues earned in the Rest of the World from external customers totaled € 23,740 million (€21,824 million in 2011). The following is an analysis of revenues earned from external customers in the Rest of the World:

(€ million)	2012	2011
United States	5,904	4,889
Brazil	2,986	3,293
France	2,158	2,166
Canada	1,424	1,144
Germany	1,288	1,286
Australia	955	825
U.K.	754	713
Argentina	550	538
Spain	538	662
Poland	449	380
Other	6,734	5,928
Total revenues from external customers in RoW	23,740	21,824

Total non-current Assets located in Italy, excluding financial assets, deferred tax assets, defined benefit assets and rights arising under insurance contracts, totaled €2,034 million at December 31, 2012 (€1,892 million at December 31, 2011) and the total of such assets located in the Rest of the World totaled €7,804 million at December 31, 2012 (€7,367 million at December 31, 2011). Non-current assets located in the Rest of the World may be analyzed as follows:

(€ million)	At December 31, 2012	At December 31, 2011
United States	3,416	3,291
France	776	704
Spain	577	475
Germany	562	552
Brazil	506	483
Canada	356	336
China	316	320
Other	1,295	1,206
Total non-current assets in RoW	7,804	7,367

In 2012 and 2011, no single external customer of the Group accounted for 10 per cent or more of consolidated revenues.

33. Information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, regarding its normal business relations with customers and dealers, and its financing activities;
- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- market risk (principally relating to exchange rates, interest rates), since the Group operates at an international level in different currencies and uses financial instruments which generate interest.

As described in the section Risk management, the Group constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group.

The quantitative data reported in the following do not have any predictive value, in particular the sensitivity analysis on market risks cannot reflect the complexity of the market or the associated market reaction which may result from any of the assumed changes.

Credit risk

The maximum credit risk to which the Group is theoretically exposed at December 31, 2012 is represented by the carrying amounts stated for financial assets in the statement of financial position and the nominal value of the guarantees provided on liabilities or commitments to third parties as discussed in Note 30.

Dealers and final customers are subject to specific assessments of their creditworthiness under a detailed scoring system; in addition to carrying out this screening process, the Group also obtains financial and non-financial guarantees for risks arising from credit granted for the sale of commercial vehicles and agricultural and construction equipment. These guarantees are further strengthened where possible by retention of title clauses or specific guarantees on financed vehicle sales to the sales network and on vehicles assigned under finance lease agreements.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. Impairment losses are recognized for receivables which are not written down on a specific basis, determined on the basis of historical experience and statistical information.

Receivables for financing activities amounting to €15,237 million at December 31, 2012 (€13,946 million at December 31, 2011) include balances totaling €54 million (€54 million at December 31, 2011) that have been written down on an individual basis. Of the remainder, balances totaling €355 million (€320 million at December 31, 2011) are past due by up to one month, while balances totaling €566 million are past due by more than one month (€510 million at December 31, 2011). In the event of installment payments, even if only one installment is overdue, the whole amount of the receivable is classified as such.

Trade receivables and Other receivables totaling €2,406 million at December 31, 2012 (€2,464 million at December 31, 2011) include balances totaling €58 million (€56 million at December 31, 2011) that have been written down on an individual basis. Of the remainder, balances totaling €168 million (€145 million at December 31, 2011) are past due by up to one month, while balances totaling €126 million (€151 million at December 31, 2011) are past due by more than one month.

The significant decrease in the past due component in receivables from financing activities is partially attributable to the gradual collection of loans granted by Banco CNH Capital S.A. as part of the development/subsidized loans program for agriculture of the Brazilian development agency managed through Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). These receivables fell under the scope of the general debt relief programs that were implemented from time to time by the Brazilian government between 2005 and 2008 to support an agricultural industry going through a difficult period. With the rescheduling programs now at an end, the company has taken all the measures necessary to collect installments falling due, adjusting the level of its loan allowances in relation to the extent to which the overdue balances are being repaid.

Total rescheduled outstanding loans issued by Banco CNH Capital S.A. amount to approximately Reais 0.3 billion (approximately €0.1 billion) at December 31, 2012, representing a decrease of approximately Reais 0.2 billion over December 31, 2011; Banco CNH Capital S.A. had a net overdue balance with its customers of approximately Reais 0.1 billion (approximately €0.05 billion), representing a decrease of approximately Reais 0.2 billion over December 31, 2011. During the year, approximately Reais 0.1 billion (approximately €0.05 billion) was written off by Banco CNH Capital S.A. Although the continual reschedulings of the recent past have contributed to an increase in the uncertainty as to the timing and means by which customers will make repayment, the amounts provided are considered sufficient to cover the residual credit risk. In the meantime, the BNDES has continued its financial support for the company and the subsidized loan programs.

Liquidity risk

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations under economic conditions.

The two main factors that determine the Group's liquidity situation are on the one hand the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

Continuing the process applied for years by the Fiat Group, the Fiat Industrial Group has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- centralizing the management of receipts and payments, where it may be economical in the context of the local statutory, currency and fiscal regulations of the countries in which the Group is present;
- maintaining an adequate level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence on the capital markets;
- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

Details as to the repayment structure of the Group's financial assets and liabilities are provided in Note 19 Current Receivables and in Note 27 Debt. Details of the repayment structure of derivative financial instruments are provided in Note 21.

Management believes that the funds currently available, together with the funds that will be generated from operating and financing activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfill its obligations to repay its debts at their natural due date.

Currency risk

The Group is exposed to risk resulting from changes in exchange rates, which can affect its earnings and equity. In particular:

- Where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating profit/(loss) of that company. In 2012, the total trade flows exposed to currency risk amounted to the equivalent of 18% of the Group's turnover (18% in 2011). The principal exchange rates to which the Group is exposed are the following:
  - EUR/USD, in relation to the production/purchases of CNH in the Euro area and to sales in dollars made by Iveco;
  - EUR/GBP, predominately in relation to sales made by Iveco on the UK market and purchases made by CNH in the Euro area;
  - USD/BRL and EUR/BRL, in relation to production in Brazil and the respective import/export flows;
  - USD/AUD, mainly in relation to sales made by CNH in Australia;
  - USD/GBP, in relation to the production/purchases of CNH in the UK.
  - Taken overall trade flows exposed to changes in these exchange rates in 2012 made up approximately 70% of the exposure to currency risk from trade transactions.
- It is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecast trading transaction exchange risk exposure for the coming 12 months (including such risk beyond that date where it is believed to be appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments.

- Group companies may find themselves with trade receivables or payables denominated in a currency different from the functional currency of the company itself. In addition, in a limited number of cases, it may be convenient from an economic point of view, or it may be required under local market conditions, for companies to obtain finance or use funds in a currency different from their functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's functional currency.
- Certain of the Group's subsidiaries are located in countries which are not members of the European monetary union, in particular the United States, the United Kingdom, Brazil, Australia, Canada, India, China, Argentina and Poland. As the Group's reference currency is the Euro, the income statements of those countries are converted into Euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euros.
- The assets and liabilities of consolidated companies whose functional currency is different from the Euros may acquire converted values in Euros which differ as a function of the fluctuation in exchange rates. The effects of these changes are recognized directly in the Cumulative Translation Adjustments reserve, included in Other comprehensive income (see Note 24).

The Group monitors its principal exposure to translation exchange risk, although there was no specific hedging in this respect at the balance sheet date.

There were no substantial changes in 2012 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, currency options, interest rate and currency swaps) at December 31, 2012 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro, amounts to approximately €184 million (€175 million at December 31, 2011).

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

The manufacturing companies and treasuries of the Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, Group companies make sales of receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost and return of the various forms of financing, including the sale of receivables, and the employment of funds, causing an impact on the level of net financial expenses incurred by the Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. securitization of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating profit/(loss) of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit/(loss).

Sensitivity analysis

In assessing the potential impact of changes in interest rates, the Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the Group consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidized loans and bonds).

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2012 resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately €7 million (approximately €9 million at December 31, 2011). The reduced effect compared to 2011 is due to a decrease in the reference rates taken for the analysis.

Floating rate financial instruments consist principally of cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical, unfavorable and instantaneous change of 10% in short-term interest rates at December 31, 2012, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately €1 million (approximately €4 million at December 31, 2011). The decrease over 2011 reflects the lower level of interest rates used in the analysis.

This analysis is based on the assumption that there is a general and instantaneous change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Other risks on derivative financial instruments

The Group has entered derivative contracts linked to commodity prices to hedge specific exposures on supply contracts.

Sensitivity analysis

In the event of a hypothetical, unfavorable and instantaneous change of 10% in the underlying raw materials prices, the potential loss in fair value of outstanding derivative financial instruments at December 31, 2012 linked to commodity prices would have been not significant (€2 million at December 31, 2011).

34. Fair value hierarchy

IFRS 7 requires financial instruments recognized in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

The following table provides an analysis under this hierarchy of financial assets and liabilities measured at fair value at December 31, 2012 and 2011.

(€ million)	Note	At December 31, 2012 Level 1	Level 2	Level 3	Total	At December 31, 2011 Level 1	Level 2	Level 3	Total
Available-for-sale assets measured at fair value:									
Other non-current securities	(16)	1	-	-	1	1	-	-	1
Available-for-sale current securities	(20)	4	-	-	4	68	-	-	68
Held-for-trading financial assets measured at fair value:									
Other financial assets	(21)	-	121	-	121	-	118	-	118
Total Assets		5	121	-	126	69	118	-	187
Other financial liabilities	(21)	-	(97)	-	(97)	-	(157)	-	(157)
Total Liabilities		-	(97)	-	(97)	-	(157)	-	(157)

In 2012 there were no transfers from Level 1 to Level 2 or vice versa.

35. Related party transactions

In accordance with IAS 24 the related parties of the Fiat Industrial Group are companies and persons who are capable of exercising control or joint control or who have a significant influence over the Fiat Industrial Group and its subsidiaries, Fiat Industrial S.p.A.'s parent company Exor S.p.A. and the companies belonging to the Exor Group (including the companies of the Fiat Group), unconsolidated subsidiaries in the Fiat Industrial Group and the associates or joint ventures of the Fiat Industrial Group. Finally, the members of the Board of Directors, the statutory auditors and managers of the Fiat Industrial Group with strategic responsibility and members of their families.

The Group engages in transactions with unconsolidated subsidiaries, jointly controlled entities, associated companies and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Relations between the Group and its unconsolidated subsidiaries, its joint ventures, its associates and other related parties consist mainly of transactions of a commercial nature, which have an effect on revenues, cost of sales and trade receivables and payables.

The effects of such transactions on the consolidated income statements for 2012 and 2011 are as follows:

		of which: with related parties						
(€ million)	2012	Unconso-lidated Subsidiaries	Jointly controlled entities	Associated companies	Fiat Group	Other related parties	Total related parties	Effect on Total (%)
Net revenues	25,785	-	395	187	637	-	1,219	4.7%
Cost of sales	20,925	-	334	174	437	42	987	4.7%
Selling, general and administrative costs	2,183	-	-	-	216	22	238	10.9%
Research and development costs	560	-	-	-	22	-	22	3.9%
Financial income/(expenses)	(458)	-	(3)	1	4	-	2	0.4%

		of which: with related parties						
(€ million)	2011	Unconso-lidated Subsidiaries	Jointly controlled entities	Associated companies	Fiat Group	Other related parties	Total related parties	Effect on Total (%)
Net revenues	24,289	6	390	330	833	-	1,559	6.4%
Cost of sales	20,038	-	178	209	415	44	846	4.2%
Selling, general and administrative costs	2,002	-	-	-	220	14	234	11.7%
Research and development costs	505	-	-	-	28	-	28	5.5%
Financial income/(expenses)	(546)	-	(4)	(11)	(72)	-	(87)	15.9%

The effects on the consolidated statement of financial position at December 31, 2012 and 2011 are as follows:

		of which: with related parties						
(€ million)	At December 31, 2012	Unconso-lidated Subsidiaries	Jointly controlled entities	Associated companies	Fiat Group	Other related parties	Total related parties	Effect on Total (%)
Other investments and non-current financial assets	67	5	-	-	51	-	56	83.6%
Trade receivables	1,434	-	53	38	55	-	146	10.2%
Other current assets	1,117	-	-	1	22	-	23	2.1%
Asset-backed financing	9,708	-	-	-	3	-	3	-
Other debt	10,925	4	2	-	1	-	7	0.1%
Trade payables	4,843	-	108	5	136	13	262	5.4%
Other current liabilities	2,666	-	23	-	4	1	28	1.1%

		of which: with related parties						
(€ million)	At December 31, 2011	Unconso-lidated Subsidiaries	Jointly controlled entities	Associated companies	Fiat Group	Other related parties	Total related parties	Effect on Total (%)
Other investments and non-current financial assets	52	1	-	-	49	-	50	96.2%
Trade receivables	1,562	-	48	71	30	-	149	9.5%
Other current assets	1,053	-	-	1	8	-	9	0.9%
Asset-backed financing	9,479	-	-	-	2	-	2	-
Other debt	10,738	-	5	-	1	-	6	0.1%
Trade payables	5,052	2	74	38	162	16	292	5.8%
Other current liabilities	2,495	-	21	-	5	2	28	1.1%

Transactions with jointly controlled entities

These transactions affected revenues, cost of sales, trade receivables and payables. The effects on the financial statements are set out as follows.

Net revenues

Transactions consist principally of sales of commercial vehicles, and agricultural and construction machinery, and the provision of technical services, to the following companies:

(€ million)	2012	2011
Iveco Oto Melara Società consortile, for the sale of vehicles and special transport	92	136
CNH de Mexico SA de CV, for the sale of agricultural and construction equipment	76	58
Turk Traktor Ve Ziraat Makineleri A.S., for the sale of agricultural and construction equipment	68	43
New Holland HFT Japan Inc., for the sale of agricultural and construction equipment	52	38
SAIC IVECO Commercial Vehicle Investment Company Limited for technical services	27	44
Other	80	71
Total Net revenues from jointly controlled entities	395	390

Cost of sales

Transactions have taken place principally with the following companies:

(€ million)	2012	2011
Turk Traktor Ve Ziraat Makineleri A.S., for the purchase of agricultural equipment	263	153
Other	71	25
Total Cost of sales for purchases from jointly controlled entities	334	178

Trade receivables

These relate to receivables arising from the revenues discussed. In particular:

(€ million)	At December 31, 2012	At December 31, 20110
Iveco – Oto Melara Società consortile	23	21
Other	30	27
Total Current trade receivables due from jointly controlled entities	53	48

Trade payables

These relate to payables arising from the costs discussed above. In particular:

(€ million)	At December 31, 2012	At December 31, 2011
Turk Traktor Ve Ziraat Makineleri A.S.	55	63
Other	53	11
Total Trade payables due to jointly controlled entities	108	74

Transactions with associated companies

These transactions mainly affected revenues and trade receivables. The effects on the financial statements are set out as follows.

Net Revenues

Transactions consist principally of sales of industrial vehicles and the provision of services, to the following companies:

(€ million)	2012	2011
IVECO-AMT Ltd., for the sale of commercial vehicles	115	68
Kobelco Construction Machinery Co Ltd., for the sale of construction equipment	60	48
Truck & Bus company, for the sale of commercial vehicles and buses	12	12
Iveco Capital Limited, for the sale of commercial vehicles leased out by the company	-	202
Total Net Revenues from associated companies	**187**	**330**

Cost of sales

These primarily relate to transactions with the following companies:

(€ million)	2012	2011
Kobelco Construction Machinery Co Ltd., for the purchase of construction equipment	174	164
Iveco Capital Limited, for costs associated with the sale of receivables	-	45
Cost of sales for purchases from associated companies	**174**	**209**

Trade receivables

This item, amounting to €38 million at December 31, 2012 (€71 million at December 31, 2011), relates to receivables arising from the revenues discussed above.

Transactions with the Fiat Group

These amounts arise from transactions between the Fiat Industrial Group companies and companies belonging to the Fiat Group, and from the asset and liability balances of the Fiat Industrial Group companies which relate to companies belonging to the Fiat Group. The effects of individual transactions on financial statement items are as follows:

Net Revenues

These primarily relate to the sale of goods to the following companies:

(€ million)	2012	2011
Società Europea Veicoli Leggeri S.p.A. – SEVEL, for the sale of engines	375	401
Fiat Automoveis S.A. - FIASA (subsidiary of Fiat Group Automobiles), for the sale of light commercial vehicles	238	388
Fiat Group Automobiles S.p.A. and subsidiaries, for the sale of engines	18	35
Other	6	9
Total Revenues from Fiat Group	**637**	**833**

Cost of sales

These primarily relate to transactions with the following companies:

(€ million)	2012	2011
Teksid S.p.A. and subsidiaries, for the purchase of engine blocks	119	123
Magneti Marelli S.p.A. and its subsidiaries, for the purchase of components	93	73
Other	225	219
Total Cost of sales from Fiat Group	437	415

Selling, general and administrative costs

These relate to costs for the provision of administrative, IT, corporate affairs, tax, treasury, purchasing, personnel management, communications and security services by companies belonging to the Fiat Group.

Research and development costs

These relate to the provision of research and development services in 2012 and 2011 by the Centro Ricerche Fiat on behalf of the Fiat Group.

Other investments and non-current financial assets

This item includes non-current receivables arising from items due from the Fiat Group, mainly relating to factoring and dealer financing activities in South America.

Asset-backed financing and Other debt

This item mainly consists of other debt arising from the transactions of foreign subsidiaries of the Fiat Industrial Group with financial services companies of the Fiat Group in countries where the Fiat Industrial Group does not have any financial services companies of its own.

Transactions with other related parties

The most significant amount in 2012 affects cost of sales and consists of the cost for purchases of components of €36 million (€40 million in 2011) from the Brembo Group which is controlled by Alberto Bombassei who is a member of the Board of Directors of Fiat Industrial S.p.A.

Emoluments to Directors, Statutory Auditors and Key Management

The fees of the Directors and Statutory Auditors of Fiat Industrial S.p.A. for carrying out their respective functions, including those in other consolidated companies, are as follows:

(in thousands of euros)	2012	2011
Directors (a)	9,914	3,150
Statutory auditors	238	148
Total Emoluments	10,152	3,298

(a) This amount include for 2012 the notional compensation cost of €6,196 thousands related to stock grants awarded to the Chairman.

The aggregate expense incurred in 2012 for the compensation of Executives with strategic responsibilities of the Group amounts to approximately €11 million (€10 million in 2011). This amount is inclusive of the notional compensation cost for share-based payments granted to Executives with strategic responsibilities.

Commitments and guarantees with related parties

At December 31, 2012 the Group had pledged guarantees on commitments of the jointly controlled entity Iveco - Oto Melara Società consortile for an amount of €215 million (€213 million at December 31, 2011).

36. Acquisitions and Disposals of subsidiaries and other investments

Acquisitions

The Group made no significant acquisitions of subsidiaries in 2012.

On the other hand CNH acquired certain minor subsidiaries in 2012 whose total assets and net revenues are not significant compared with those of Group.

Finally, during 2012 the Group acquired non-controlling interests in companies in which it already held control, leading to the recognition of the following cash outflows:

(€ million)	Purchased non-controlling interest	Cash outflows on acquisition
New Holland Kobelco Construction Machinery S.p.A.	3.46%	-
Total		-

With reference to 2011, on March 31, 2011 CNH Global N.V. acquired the remaining 50% interest in L&T – Case Equipment Private Limited (subsequently renamed Case New Holland Construction Equipment India Private Limited), an equally held joint venture established in 1999 with Larsen & Toubro Limited to manufacture and sell earth moving equipment in India, thereby obtaining control. This transaction has been accounted for as an acquisition achieved in stages in accordance with IFRS 3 - *Business Combinations*, and the Group has accordingly applied the acquisition method, finalized in December, consolidating the subsidiary on a line-by-line basis from March 31, 2011.

This transaction led to the recognition of income of €25 million arising from the combination. The identifiable assets acquired and liabilities assumed have been recognized at their fair values at the Acquisition date (March 31, 2011) and are set out below:

(€ million)	At the Acquisition date
Non-current assets	33
Current assets	36
Total assets acquired (a)	69
Liabilities assumed (b)	25
Net assets acquired/(Net liabilities assumed) (a) – (b)	44

The transaction led to the recognition of goodwill of €25 million given the favorable earnings prospects of the business forming part of the transaction.

Consideration in this business combination is set out below, together with the resulting cash flows:

(€ million)	At the Acquisition date
Consideration paid	35
Deferred consideration	-
Total Consideration	**35**
Cash and cash equivalents paid	35
Cash and cash equivalents received	(1)
Total cash flows paid/(received)	**34**

If the acquisition had taken place with effect from January 1, 2011, the net revenues and profit for the year would have been essentially unchanged.

For completeness of information, in 2011 the Group acquired non-controlling interests in companies in which it already held control, leading to the recognition of the following cash outflows:

(€ million)	Purchased non-controlling interest	Cash outflows on acquisition
New Holland Kobelco Construction Machinery S.p.A.	3.91%	1
New Holland Kobelco Construction Machinery S.p.A.	10.27%	-
Total		**1**

Disposals

Consideration in 2012 for the sales of other investments and the related net cash inflows are provided as follows:

(€ million)	Total disposal of Investments in jointly controlled entities, associates and other companies
Consideration received	43
Deferred consideration	20
Total Consideration	**63**
Total Net cash inflows on disposals	**43**

Deferred consideration refers to the receivable that has been recognized by CNH in connection with the balance of the price for the sale of the 20% interest in Kobelco Construction Machinery Co., Ltd. from CNH to Kobe Steel Ltd. ("KSL"). A dispute has arisen with respect to the price to be paid by KSL to CNH. While the arbitration is in its early stages, CNH management has considered the relevant facts in connection with this matter and believes that it is probable that CNH will ultimately prevail and obtain the balance of the purchase price which is currently held in an escrow account.

In 2011 Iveco sold certain minor investments; consideration deriving from the sales was not significant.

37. Explanatory notes to the Statement of Cash Flows

The Statement of cash flows sets out changes in cash and cash equivalents during the year. As required by IAS 7 – Cash Flow Statements, cash flows are separated into operating, investing and financing activities. The effects of changes in exchange rates on cash and cash equivalents are shown separately under the line item Translation exchange differences.

The Group presents supplemental discussion and disclosure regarding the statement of cash flows within this Note for the purpose of additional analysis. Certain items discussed below, are reflected within the consolidated statement of cash flows either on an aggregate or net basis, and accordingly have been discussed further as set forth below.

Operating activities

Cash flows from/(used in) operating activities derive mainly from the Group's main revenue producing activities.

Adjustments to exclude non-cash effects related to the sale of vehicles under buy-back commitments are included under operating activities in a single line item which includes changes in working capital, capital expenditures, amortization, depreciation and impairment losses. This item also includes gains and losses arising from the sales of vehicles transferred under buy-back commitments that occur before the end of the agreement term without repossession of the vehicle.

Change in operating lease items comprises capital expenditures for assets under operating leases and reflects adjustments to exclude non-cash items such as amortization, depreciation, impairment losses and changes in inventories.

The adjustment to exclude Other non-cash items of €192 million in 2012 (€289 million in 2011) includes an amount of €89 million (€231 million in 2011) related to impairment losses on assets recognized during the year.

Changes in working capital for 2012 and 2011 are summarized as follows:

(€ million)	2012	2011
Change in trade receivables	86	293
Change in inventories	(76)	(970)
Change in trade payables	(126)	904
Change in other receivables/payables	(98)	106
Change in working capital	**(214)**	**333**

Total cash flows for income tax payments net of refunds in 2012 amount to €524 million (€297 million in 2011).

Total interest of €815 million was paid and interest of €800 million was received in 2012 (interest of €748 million was paid in 2011 and interest of €621 million was received in 2011).

Investing activities

Cash flows from/(used in) investing activities represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures resulting in an asset recognized in the balance sheet are classified as investing activities in the Statement of cash flows. In particular, Cash flows from/(used in) investing activities include net change in receivables from financing activities that may be analyzed as follows:

(€ million)	2012	2011
Change in dealer financing	(1,116)	(1,074)
Change in retail financing	(842)	(257)
Change in finance leases	302	264
Change in other receivables from financing activities	(93)	(85)
Net change in receivables from financing activities	**(1,749)**	**(1,152)**

Liquidity absorbed by the increase in receivables from financing activities in 2012 principally refers to the increase in financing provided to CNH customers in the U.S., Iveco dealers in Europe and CNH dealers in the U.S. and Brazil. In 2011, liquidity absorbed by the increase in receivables from financing activities was mainly related to an increase in retail and dealer financing for CNH.

Consideration for the acquisition and disposal of subsidiaries and of other investments is discussed in Note 36.

Financing activities

The net change in other financial payables and other financial assets/liabilities mainly reflects changes in borrowings from banks and in asset-backed financing, together with changes in other financial assets and other financial liabilities (consisting of derivative financial instruments measured at fair value at the balance sheet date, as indicated in Note 21 above).

In 2011, the net change in other financial payables and other financial assets/liabilities also included a negative amount (cash outflow) of €2,761 million due to the repayment of net financial payables due to the Fiat Group outstanding at December 31, 2010, in connection with the Demerger.

Changes in 2012 and 2011 are summarized as follows:

(€ million)	2012	2011
Change in asset-backed financing	343	601
Change in net financial payables to the Fiat Group	-	(2,761)
Change in borrowings from banks and other financial payables	(433)	789
Net change in other financial payables	(90)	(1,371)
Change in other financial assets	40	(71)
Change in other financial liabilities	(59)	13
Net change in other financial payables and other financial assets/liabilities	**(109)**	**(1,429)**

38. Non-recurring transactions and transactions resulting from unusual and/or abnormal operations

The Group did not perform any significant non-recurring transactions or transactions resulting from unusual and/or abnormal operations in 2012 as defined by the Consob Communication of July 28, 2006.

39. Subsequent events

On February 7, 2013 Fiat Industrial S.p.A. signed the renewal of a €2 billion 3 year committed revolving credit facility with 21 banks. The facility is intended for general corporate purposes and working capital needs and it replaces the €2 billion 3 year revolving credit facility originally signed in December 2010.

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

APPENDIX I
FIAT INDUSTRIAL GROUP COMPANIES AT DECEMBER 31, 2012

In accordance with Article 126 of Consob Regulation 11971 of May 14, 1999, as subsequently amended, a complete list of Group companies and significant investments at December 31, 2012 is provided on the following pages.

Companies in the list are grouped according to type of control, method of consolidation and classification by operating segment (pursuant to IFRS 8).

For each company, the following information is provided: name, location of registered office, country and share capital stated in original currency. Additionally, the percentage consolidated and the percentage interest held directly by Fiat Industrial S.p.A. or its subsidiary is also shown.

The column on the far right shows the percentage of voting rights exercisable at an ordinary general meeting, where such percentage differs from the percentage of shares held.

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CONTROLLING COMPANY								
Parent Company								
Fiat Industrial S.p.A.	Turin	Italy	1,919,433,145	EUR	--	--	--	--
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
Agricultural and Construction Equipment								
CNH Global N.V.	Amsterdam	Netherlands	545,602,754	EUR	87.43	Fiat Netherlands Holding N.V.	87.371	87.427
						CNH Global N.V.	0.064	0.000
Banco CNH Capital S.A.	Curitiba	Brazil	433,919,523	BRL	87.43	CNH Global N.V.	53.513	
						CNH Capital U.K. Ltd	45.816	
						CNH Latin America Ltda.	0.671	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	87.43	Bli Group Inc.	100.000	
Blue Leaf Insurance Company	Burlington	U.S.A.	250,000	USD	87.43	CNH America LLC	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Case Canada Receivables, Inc.	Calgary	Canada	1	CAD	87.43	CNH Capital America LLC	100.000	
Case Construction Machinery (Shanghai) Co., Ltd	Shanghai	People's Rep.of China	14,000,000	USD	87.43	CNH Global N.V.	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	87.43	CNH Capital America LLC	100.000	
Case Dealer Holding Company LLC	Wilmington	U.S.A.	1	USD	87.43	CNH America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	87.43	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Case Europe S.a.r.l.	Le Plessis-Belleville	France	7,622	EUR	87.43	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Berlin	Germany	281,211	EUR	87.43	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	87.43	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	87.43	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	87.43	CNH America LLC	100.000	
Case New Holland Construction Equipment (India) Private Limited	Mumbai	India	240,100,000	INR	85.86	CNH America LLC	50.000	
						New Holland Fiat (India) Private Limited	50.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	87.43	CNH Global N.V.	100.000	
Case New Holland Machinery (Harbin) Ltd.	Harbin	People's Rep.of China	30,000,000	USD	87.43	CNH Asian Holding Limited N.V.	99.920	
						CNH Europe Holding S.A.	0.080	
CASE New Holland Machinery Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	2,250,000	USD	87.43	CNH America LLC	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	87.43	CNH America LLC	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CNH (China) Management Co., Ltd.	Shanghai	People's Rep.of China	12,000,000	USD	87.43	CNH Global N.V.	100.000	
CNH (Shanghai) Equipment R&D Co., Ltd.	Shanghai	People's Rep.of China	2,000,000	USD	87.43	CNH Global N.V.	100.000	
CNH Administradora de Serviços Ltda.	Curitiba	Brazil	100,000	BRL	87.43	Banco CNH Capital S.A.	99.900	
						CNH Latin America Ltda.	0.100	
CNH America LLC	Wilmington	U.S.A.	0	USD	87.43	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	100,246,105	ARS	87.43	New Holland Holding (Argentina) S.A.	76.176	
						CNH Latin America Ltda.	23.824	
CNH Asian Holding Limited N.V.	Zedelgem	Belgium	34,594,401	EUR	87.43	CNH Global N.V.	100.000	
CNH Australia Pty Limited	St. Marys	Australia	293,408,692	AUD	87.43	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	87.43	CNH Europe Holding S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	372,115,574	EUR	87.43	CNH Europe Holding S.A.	100.000	
CNH Canada, Ltd.	Toronto	Canada	28,000,100	CAD	87.43	CNH Global N.V.	100.000	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	70,675,693	AUD	87.43	CNH Australia Pty Limited	100.000	
CNH Capital Benelux NV	Zedelgem	Belgium	55,628,856	EUR	87.43	CNH Global N.V.	98.999	
						CNH Capital U.K. Ltd	1.001	
CNH Capital Canada Ltd.	Calgary	Canada	1	CAD	87.43	Case Credit Holdings Limited	99.500	
						CNH Canada, Ltd.	0.500	
CNH Capital Equipment Loan and Lease Facility LLC	Wilmington	U.S.A.	5,000	USD	87.43	CNH Capital America LLC	100.000	
CNH Capital Finance LLC	Wilmington	U.S.A.	5,000	USD	87.43	Case Credit Holdings Limited	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	87.43	CNH America LLC	100.000	
CNH Capital Operating Lease Equipment Receivables LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd	Basildon	United Kingdom	10,000,001	GBP	87.43	CNH Capital Benelux NV	100.000	
CNH Componentes, S.A. de C.V.	Queretaro	Mexico	135,634,842	MXN	87.43	CNH America LLC	100.000	
CNH Danmark A/S	Hvidovre	Denmark	12,000,000	DKK	87.43	CNH Europe Holding S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	87.43	CNH Baumaschinen GmbH	90.000	
						CNH Europe Holding S.A.	10.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
CNH Europe Holding S.A.	Luxembourg	Luxembourg	100,000,000	USD	87.43	CNH Global N.V.	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	87.43	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	1,151,000	EUR	87.43	CNH Europe Holding S.A.	100.000	
CNH Financial Services S.A.S.	Morigny-Champigny	France	50,860,641	EUR	87.43	CNH Global N.V.	98.888	
						CNH Capital Benelux NV	1.112	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CNH France	Morigny-Champigny	France	427,965,450	EUR	87.43	CNH Europe Holding S.A.	100.000	
CNH International S.A.	Paradiso	Switzerland	100,000	CHF	87.43	CNH Global N.V.	100.000	
CNH Italia s.p.a.	Turin	Italy	15,600,000	EUR	87.43	CNH Osterreich GmbH	75.000	
						CNH Global N.V.	25.000	
CNH Latin America Ltda.	Contagem	Brazil	1,037,711,513	BRL	87.43	CNH Global N.V.	85.658	
						Case Brazil Holdings Inc.	12.557	
						Case Equipment International Corporation	1.785	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	87.43	CNH Europe Holding S.A.	99.999	
CNH Osterreich GmbH	St.Valentin	Austria	2,000,000	EUR	87.43	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	87.43	CNH Belgium N.V.	100.000	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Carnaxide	Portugal	498,798	EUR	87.43	CNH Europe Holding S.A.	99.980	
						CNH Italia s.p.a.	0.020	
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital America LLC	100.000	
CNH Reman LLC	Wilmington	U.S.A.	4,000,000	USD	43.71	CNH America LLC	50.000	
CNH Services (Thailand) Limited	Bangkok	Thailand	10,000,000	THB	87.42	CNH Services S.r.l.	99.997	
CNH Services S.r.l.	Modena	Italy	10,400	EUR	87.43	CNH Italia s.p.a.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	87.43	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital America LLC	100.000	
CNH-KAMAZ Commercial B.V.	Amsterdam	Netherlands	35,300	EUR	44.59	CNH Global N.V.	51.000	
CNH-KAMAZ Industrial B.V.	Amsterdam	Netherlands	36,002	EUR	43.71	CNH Global N.V.	50.000	
Farmpower Pty Limited	St. Marys	Australia	360	AUD	87.43	CNH Australia Pty Limited	100.000	
Fiat Switzerland SA	Paradiso	Switzerland	100,000	CHF	87.43	CNH International S.A.	100.000	
Fiatallis North America LLC	Wilmington	U.S.A.	32	USD	87.43	CNH America LLC	100.000	
Flagship Dealer Holding Company, LLC	Wilmington	U.S.A.	1	USD	87.43	CNH America LLC	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	3,291,776	GBP	87.43	CNH Canada, Ltd.	100.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	56.83	New Holland Excavator Holdings LLC	65.000	
Limited Liability Company "CNH Parts and Service Operations"	Moscow	Russia	54,000,000	RUB	87.43	CNH Global N.V.	100.000	
LLC CNH-KAMAZ Commerce	Khimki	Russia	20,408	RUB	44.59	CNH-KAMAZ Commercial B.V.	100.000	
LLC CNH-KAMAZ Industry	Naberezhnye Chenly	Russia	60,081,800	RUB	43.71	CNH-KAMAZ Industrial B.V.	100.000	
MBA AG	Bassersdorf	Switzerland	4,000,000	CHF	87.43	CNH Global N.V.	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	0	USD	87.43	CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	87.43	CNH America LLC	100.000	
New Holland Fiat (India) Private Limited	Mumbai	India	12,485,547,400	INR	84.29	CNH Asian Holding Limited N.V.	96.407	48.965
New Holland Holding (Argentina) S.A.	Buenos Aires	Argentina	23,555,415	ARS	87.43	CNH Latin America Ltda.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
New Holland Holding Limited	Basildon	United Kingdom	106,328,601	GBP	87.43	CNH Europe Holding S.A.	100.000	
New Holland Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	12,396,363	EUR	86.70	CNH Italia s.p.a.	99.172	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	87.43	CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	Antwerp	Belgium	9,631,500	EUR	87.43	New Holland Holding Limited	100.000	
O & K - Hilfe GmbH	Berlin	Germany	25,565	EUR	87.43	CNH Baumaschinen GmbH	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	87.43	CNH Capital America LLC	100.000	
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep.of China	35,000,000	USD	52.46	CNH Asian Holding Limited N.V.	60.000	
Steyr Center Nord GmbH	Ruckersdorf-Harmanns	Austria	35,000	EUR	87.43	CNH Osterreich GmbH	100.000	
Uzcaseagroleasing LLC	Tashkent	Uzbekistan	5,000,000	USD	44.59	Case Credit Holdings Limited	51.000	
UzCaseMash LLC	Tashkent	Uzbekistan	15,000,000	USD	52.46	Case Equipment Holdings Limited	60.000	
UzCaseService LLC	Tashkent	Uzbekistan	5,000,000	USD	44.59	Case Equipment Holdings Limited	51.000	
UzCaseTractor LLC	Tashkent	Uzbekistan	15,000,000	USD	44.59	Case Equipment Holdings Limited	51.000	
Trucks and Commercial Vehicles								
Iveco S.p.A.	Turin	Italy	200,000,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
Afin Bohemia s.r.o.	Prague	Czech Republic	1,000,000	CZK	100.00	Afin Leasing AG	100.000	
Afin Bulgaria EAD	Sofia	Bulgaria	310,110	BGN	100.00	Iveco FS Holdings Limited	100.000	
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	100.00	Iveco International Trade Finance S.A.	100.000	
Afin Slovakia S.R.O.	Bratislava	Slovack Republic	39,833	EUR	100.00	Afin Leasing AG	100.000	
Afin Trade Bulgaria Eood	Sofia	Bulgaria	5,000	BGN	100.00	Afin Bulgaria EAD	100.000	
Amce-Automotive Manufacturing Co.Ethiopia	Addis Ababa	Ethiopia	12,000,000	ETB	70.00	Fiat Netherlands Holding N.V.	70.000	
Astra Veicoli Industriali S.p.A.	Piacenza	Italy	10,400,000	EUR	100.00	Iveco S.p.A.	100.000	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	83.77	Iveco Investitions GmbH	90.000	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco Espana S.L.	99.996	
						Iveco Partecipazioni Finanziarie S.r.l.	0.004	
Heuliez Bus S.A.	Mauléon	France	9,000,000	EUR	100.00	Société Charolaise de Participations S.A.	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	88.42	Iveco Investitions GmbH	95.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	46,300,000	HUF	89.09	Iveco Espana S.L.	89.093	
Industrial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00	S.A. Iveco Belgium N.V.	95.000	
						Iveco Nederland B.V.	5.000	
Irisbus (U.K.) Ltd	Watford	United Kingdom	7,200,000	GBP	100.00	Iveco Espana S.L.	100.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	6,253,391	AUD	100.00	Iveco Espana S.L.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Irisbus Benelux Ltd.	Leudelange	Luxembourg	594,000	EUR	100.00	Iveco France	99.983	
						Société Charolaise de Participations S.A.	0.017	
Irisbus Italia S.p.A.	Turin	Italy	4,500,000	EUR	100.00	Iveco S.p.A.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00	S.A. Iveco Belgium N.V.	75.000	
						Iveco Nederland B.V.	25.000	
Iveco (China) Commercial Vehicle Sales Co. Ltd	Shanghai	People's Rep.of China	50,000,000	CNY	100.00	Iveco S.p.A.	100.000	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco Arac Sanayi VE Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	12,879,000	TRY	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Argentina S.A.	Buenos Aires	Argentina	130,237,793	ARS	100.00	Iveco Espana S.L.	99.000	
						Astra Veicoli Industriali S.p.A.	1.000	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Bayern GmbH	Nuremberg	Germany	742,000	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Capital Broker de Asigurare - Reasigurare S.r.l.	Bucharest	Romenia	25,000	RON	100.00	Iveco Capital Leasing IFN S.A.	100.000	
Iveco Capital Leasing IFN S.A.	Bucharest	Romenia	774,364,557	RON	100.00	Iveco FS Holdings Limited	100.000	
Iveco Capital Limited	Watford	United Kingdom	1,000	EUR	100.00	Iveco FS Holdings Limited	100.000	
Iveco Capital Russia LLC	Moscow	Russia	50,000,000	RUB	100.00	Afin Leasing AG	100.000	
Iveco Capital SA	Paradiso	Switzerland	14,000,000	CHF	100.00	Iveco FS Holdings Limited	100.000	
Iveco Contract Services Limited	Watford	United Kingdom	17,000,000	GBP	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Czech Republic A.S.	Vysoke Myto	Czech Republic	1,065,559,000	CZK	97.98	Iveco France	97.978	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Espana S.L. (*business Trucks and Commercial Vehicles*)	Madrid	Spain	121,612,116	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Est Sas	Hauconcourt	France	2,005,600	EUR	100.00	Iveco France	100.000	
Iveco Finance AG	Kloten	Switzerland	1,500,000	CHF	100.00	Iveco Capital Limited	100.000	
Iveco Finance GmbH	Heilbronn	Germany	75,775,000	EUR	100.00	Iveco Capital Limited	100.000	
Iveco Finance Limited	Watford	United Kingdom	3,000,100	GBP	100.00	Iveco Capital Limited	100.000	
Iveco Finanziaria S.p.A.	Turin	Italy	145,000,000	EUR	100.00	Iveco Capital Limited	100.000	
Iveco Finland OY	Espoo	Finland	100,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco France	Vénissieux	France	92,856,130	EUR	100.00	Iveco Espana S.L.	50.326	
						Fiat Netherlands Holding N.V.	49.674	
Iveco FS Holdings Limited	Watford	United Kingdom	1,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Holdings Limited	Watford	United Kingdom	47,000,000	GBP	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Insurance Vostok LLC	Moscow	Russia	740,000	RUB	100.00	Afin Leasing AG	100.000	
Iveco International Trade Finance S.A.	Paradiso	Switzerland	30,800,000	CHF	100.00	Iveco FS Holdings Limited	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	93.08	Iveco Magirus AG	99.020	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco L.V.I. S.a.s.	Saint Priest	France	503,250	EUR	100.00	Iveco France	100.000	
Iveco Latin America Ltda (*business Trucks and Commercial Vehicles*)	Vila da Serra	Brazil	366,180,646	BRL	100.00	Iveco Espana S.L.	100.000	
Iveco Limited (*business Trucks and Commercial Vehicles*)	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco Magirus AG (*business Trucks and Commercial Vehicles*)	Ulm	Germany	50,000,000	EUR	94.00	Fiat Netherlands Holding N.V. Iveco S.p.A.	88.340 5.660	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	84.43	Iveco Magirus Fire Fighting GmbH	99.764	
Iveco Magirus Brandschutztechnik GmbH	Kainbach	Austria	1,271,775	EUR	84.43	Iveco Magirus Brandschutztechnik GmbH	100.000	
Iveco Magirus Brandschutztechnik Gorlitz GmbH	Gürlitz	Germany	511,292	EUR	84.43	Iveco Magirus Brandschutztechnik GmbH	100.000	
Iveco Magirus Fire Fighting GmbH	Weisweil	Germany	30,776,857	EUR	84.63	Iveco Magirus AG	90.032	
Iveco Magirus Firefighting CAMIVA S.a.s. (societè par actions simplifiée)	Saint-Alban-Leysse	France	1,870,169	EUR	84.63	Iveco Magirus Fire Fighting GmbH	100.000	
Iveco Magyarorszag Kereskedelmi KFT	Budapest	Hungary	24,000,000	HUF	100.00	Afin Leasing AG	100.000	
Iveco Nederland B.V.	Andelst	Netherlands	4,537,802	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Hamburg	Germany	1,611,500	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Nord S.A.	Trappes	France	45,730	EUR	99.77	Iveco France	99.767	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Berlin	Germany	2,120,000	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Voyenenga	Norway	18,600,000	NOK	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Otomotiv Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	15,060,046	TRY	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Partecipazioni Finanziarie S.r.l.	Turin	Italy	50,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Participations s.a.s.	Trappes	France	468,656	EUR	100.00	Iveco France	100.000	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Holdings Limited Iveco Limited	50.000 50.000	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Portugal-Comercio de Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Fiat Netherlands Holding N.V. Astra Veicoli Industriali S.p.A.	99.997 0.001	
Iveco Provence s.a.s.	Trappes	France	2,371,200	EUR	100.00	Iveco Participations s.a.s.	100.000	
Iveco Romania S.r.l.	Bucharest	Romenia	17,500	RON	100.00	Afin Leasing AG	100.000	
Iveco Slovakia, s.r.o.	Bratislava	Slovack Republic	6,639	EUR	97.98	Iveco Czech Republic A.S.	100.000	
Iveco South Africa (Pty) Ltd.	Vorna Valley-Midrand	South Africa	15,000,750	ZAR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Sud-West Nutzfahrzeuge GmbH	Mannheim-Neckarau	Germany	1,533,900	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B. (*business Trucks and Commercial Vehicles*)	Arlov	Sweden	600,000	SEK	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Ukraine LLC	Kiev	Ukraine	49,258,692	UAH	100.00	Fiat Netherlands Holding N.V.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco Venezuela C.A.	La Victoria	Venezuela	3,985,803	VEF	100.00	Fiat Netherlands Holding N.V.	62.688	
						Iveco S.p.A.	37.312	
Iveco West Nutzfahrzeuge GmbH	Düsseldorf	Germany	3,017,000	EUR	94.00	Iveco Magirus AG	100.000	
La Garde Chaberte S.C.I.	Trappes	France	2,000	EUR	100.00	Iveco Participations s.a.s.	99.500	
						Iveco France	0.500	
Le Logis De Villeneuve S.C.I.	Trappes	France	2,000	EUR	100.00	Iveco Participations s.a.s.	99.500	
						Iveco France	0.500	
Les Estroublans 2 S.C.I.	Trappes	France	2,000	EUR	100.00	Iveco Participations s.a.s.	99.500	
						Iveco France	0.500	
Les Estroublans de Vitrolle S.C.I.	Trappes	France	2,000	EUR	100.00	Iveco Participations s.a.s.	99.500	
						Iveco France	0.500	
Les Paluds D`Aubagne S.C.I.	Trappes	France	2,000	EUR	100.00	Iveco Participations s.a.s.	99.500	
						Iveco France	0.500	
Mediterranea de Camiones S.L.	Valencia	Spain	48,080	EUR	100.00	Iveco Espana S.L.	99.875	
						Fiat Netherlands Holding N.V.	0.125	
Officine Brennero S.p.A.	Trento	Italy	2,833,830	EUR	100.00	Iveco S.p.A.	100.000	
OOO Iveco Russia	Moscow	Russia	868,545,000	RUB	100.00	Fiat Netherlands Holding N.V.	99.960	
						Afin Leasing AG	0.040	
Puget Les Plaines S.C.I.	Trappes	France	132,631	EUR	100.00	Iveco Provence s.a.s.	99.885	
						Iveco France	0.115	
S.A. Iveco Belgium N.V.	Groot	Belgium	6,000,000	EUR	100.00	Fiat Netherlands Holding N.V.	99.983	
						Iveco Nederland B.V.	0.017	
Seddon Atkinson Vehicles Ltd	Watford	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Iveco Espana S.L.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France	100.000	
Transolver Finance S.A.	Trappes	France	9,468,219	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco FS Holdings Limited	99.984	
						Iveco Espana S.L.	0.016	
Transolver Services S.A.	Trappes	France	38,000	EUR	99.76	Iveco Capital Limited	99.760	
UAB Iveco Capital Baltic	Vilnius	Lithuania	138,500	LTL	100.00	Afin Leasing AG	100.000	
Utilitaries & Véhicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco Espana S.L.	51.867	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
FPT Industrial								
FPT Industrial S.p.A.	Turin	Italy	100,000,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
2 H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Fiat Industrial Finance France S.A.	100.000	
Fiat Powertrain Technologies Management (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	2,000,000	USD	100.00	FPT Industrial S.p.A.	100.000	
Fiat Powertrain Technologies of North America, Inc.	Wilmington	U.S.A.	1	USD	100.00	FPT Industrial S.p.A.	100.000	
FPT - Powertrain Technologies France S.A.	Garchizy	France	73,444,960	EUR	100.00	Iveco France	97.200	
						Fiat Industrial Finance France S.A.	2.800	
FPT Industrial Argentina S.A.	Buenos Aires	Argentina	107,270,267	ARS	100.00	FPT Industrial S.p.A.	96.000	
						FPTI Representacao Comercial de Motores Automotivos Ltda	4.000	
FPT Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	FPT Industrial S.p.A.	100.000	
FPTI Representacao Comercial de Motores Automotivos Ltda	Nova Lima	Brazil	1,872,472	BRL	100.00	FPT Industrial S.p.A.	100.000	
Iveco Espana S.L. (*business FPT Industrial*)	Madrid	Spain	121,612,116	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Latin America Ltda (*business FPT Industrial*)	Vila da Serra	Brazil	366,180,646	BRL	100.00	Iveco Espana S.L.	100.000	
Iveco Limited (*business FPT Industrial*)	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco Magirus AG (*business FPT Industrial*)	Ulm	Germany	50,000,000	EUR	94.00	Fiat Netherlands Holding N.V.	88.340	
						Iveco S.p.A.	5.660	
Iveco Sweden A.B. (*business FPT Industrial*)	Arlov	Sweden	600,000	SEK	100.00	Fiat Netherlands Holding N.V.	100.000	
SAIC Fiat Powertrain Hongyan Co. Ltd.	Chongqing	People's Rep.of China	580,000,000	CNY	60.00	FPT Industrial S.p.A.	30.000	
						SAIC IVECO Commercial Vehicle Investment Company Limited	60.000	
Holding companies and Other companies								
Fiat Industrial Finance Europe S.A.	Luxembourg	Luxembourg	50,000,000	EUR	100.00	Fiat Industrial Finance S.p.A.	100.000	
Fiat Industrial Finance France S.A.	Trappes	France	1,000,000	EUR	100.00	Fiat Netherlands Holding N.V.	99.998	
Fiat Industrial Finance North America Inc.	Wilmington	U.S.A.	25,000,000	USD	100.00	Fiat Industrial Finance S.p.A.	100.000	
Fiat Industrial Finance S.p.A.	Turin	Italy	100,000,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
Fiat Netherlands Holding N.V.	Amsterdam	Netherlands	2,610,397,295	EUR	100.00	Fiat Industrial S.p.A.	100.000	

JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Agricultural and Construction Equipment								
Case Mexico S.A. de C.V.	São Pedro Garza Garcia	Mexico	810,000	MXN	43.71	CNH de Mexico SA de CV	100.000	
Case Special Excavators N.V.	Zedelgem	Belgium	1,100,000	EUR	43.71	CNH Global N.V.	50.000	
CNH Comercial, SA de C.V.	São Pedro Garza Garcia	Mexico	160,050,000	MXN	43.71	CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	São Pedro Garza Garcia	Mexico	165,276,000	MXN	43.71	CNH Global N.V.	50.000	
CNH Industrial S.A. de C.V.	São Pedro Garza Garcia	Mexico	200,050,000	MXN	43.71	CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V., SOFOM, E.N.R.	São Pedro Garza Garcia	Mexico	50,000,000	MXN	42.84	CNH Global N.V.	49.000	
CNH Servicios Corporativos S.A. de C.V.	São Pedro Garza Garcia	Mexico	375,000	MXN	43.71	CNH de Mexico SA de CV	99.999	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	43.71	CNH Global N.V.	50.000	
Turk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	53,369,000	TRY	32.79	CNH Osterreich GmbH	37.500	
Trucks and Commercial Vehicles								
Iveco - Oto Melara Società consortile r.l.	Rome	Italy	40,000	EUR	50.00	Iveco S.p.A.	50.000	
Iveco Acentro S.p.A.	Cagliari	Italy	3,000,000	EUR	50.00	Iveco S.p.A.	50.000	
Iveco Orecchia S.p.A.	Turin	Italy	8,000,000	EUR	50.00	Iveco S.p.A.	50.000	
Naveco (Nanjing IVECO Motor Co.) Ltd.	Nanjing	People's Rep.of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000	
SAIC IVECO Commercial Vehicle Investment Company Limited	Shanghai	People's Rep.of China	160,000,000	USD	50.00	Iveco S.p.A.	50.000	
SAIC Iveco Hongyan Commercial Vehicles Co, Ltd.	Chongqing	People's Rep.of China	500,000,000	CNY	33.50	SAIC IVECO Commercial Vehicle Investment Company Limited	67.000	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	16,315,347	EUR	50.00	Fiat Netherlands Holding N.V.	50.000	

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights

SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD

Agricultural and Construction Equipment

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Farmers New Holland Inc.	Wilmington	U.S.A.	800,000	USD	87.43	CNH America LLC	100.000	
Jackson New Holland, Inc.	Wilmington	U.S.A.	371,000	USD	82.48	CNH America LLC	94.340	
Mid State New Holland, Inc.	Wilmington	U.S.A.	400,000	USD	76.50	CNH America LLC	87.500	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	60.92	CNH America LLC	69.680	

Trucks and Commercial Vehicles

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco Colombia S.a.s.	Santa Fe' de Bogota	Colombia	7,596,249,000	COP	100.00	Iveco Venezuela C.A.	99.990	
						Iveco Latin America Ltda	0.010	

SUBSIDIARIES VALUED AT COST

Agricultural and Construction Equipment

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Case Construction Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Case IH Agricultural Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
Employers Health Initiatives LLC	Wilmington	U.S.A.	790,000	USD	87.43	CNH America LLC	100.000	
Fermec North America Inc.	Wilmington	U.S.A.	5	USD	87.43	CNH America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	87.43	CNH America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	87.43	Case United Kingdom Limited	100.000	
New Holland Agricultural Equipment S.p.A.	Turin	Italy	120,000	EUR	87.43	CNH Italia s.p.a.	100.000	
New Holland Construction Equipment S.p.A.	Turin	Italy	120,000	EUR	87.43	CNH Italia s.p.a.	100.000	
RosCaseMash	Saratov	Russia	0	RUB	33.44	Case Equipment Holdings Limited	38.250	51.000

Trucks and Commercial Vehicles

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Altra S.p.A.	Genoa	Italy	516,400	EUR	100.00	Iveco S.p.A.	100.000	
K2012173554 (South Africa) (Pty) Ltd	Cape Town	South Africa	1,000	ZAR	100.00	Iveco South Africa (Pty) Ltd.	100.000	
MVPC LLC	Moscow	Russia	10,000	RUB	50.00	OOO Iveco Russia	50.000	

SUBSIDIARIES VALUED AT COST (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
FPT Industrial								
Componentes Mecanicos S.A.	Barcelona	Spain	1,135,037	EUR	100.00	Iveco Espana S.L.	100.000	
Holding companies and Other companies								
F.I. Holding N.V.	Amsterdam	Netherlands	45,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
FI CBM Holdings N.V.	Amsterdam	Netherlands	50,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
New Industrial Business 1 s.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
New Industrial Business 2 s.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	
New Industrial Business 3 s.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Industrial S.p.A.	100.000	

ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Agricultural and Construction Equipment								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	214,682,225	PKR	37.74	CNH Global N.V.	43.169	
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297	EUR	43.63	CNH Global N.V.	49.900	
Farm FZCO	Jebel Ali	United Arab Emirates	6,600,000	AED	25.17	CNH Italia s.p.a.	28.788	
Trucks and Commercial Vehicles								
GEIE V.IV.RE	Boulogne	France	0	EUR	50.00	Iveco S.p.A.	50.000	
IVECO-AMT Ltd.	Miass	Russia	65,255,056	RUB	33.33	Fiat Netherlands Holding N.V.	33.330	
V.IVE.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0	EUR	50.00	Iveco S.p.A.	50.000	

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights

ASSOCIATED COMPANIES VALUED AT COST

Agricultural and Construction Equipment

Consorzio Nido Industria Vallesina	Ancona	Italy	53,903	EUR	33.86	CNH Italia s.p.a.	38.728	

Trucks and Commercial Vehicles

Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000	XOF	39.80	Iveco France	39.800	
Trucks & Bus Company	Tajoura	Libya	96,000,000	LYD	25.00	Iveco Espana S.L.	25.000	

OTHER COMPANIES VALUED AT COST

Agricultural and Construction Equipment

Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	9.33	CNH Italia s.p.a.	10.672	
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	10.73	CNH Italia s.p.a.	12.273	
Polagris S.A.	Pikieliszki	Lithuania	1,133,400	LTL	9.66	CNH Polska Sp. z o.o.	11.054	

Holding companies and Other companies

CODEFIS Società consortile per azioni	Turin	Italy	120,000	EUR	17.24	CNH Capital U.K. Ltd	14.000	
						Iveco Partecipazioni Finanziarie S.r.l.	5.000	
Fiat-Revisione Interna S.c.p.a.	Turin	Italy	300,000	EUR	16.00	Fiat Industrial S.p.A.	16.000	

APPENDIX II INFORMATION REQUIRED UNDER ARTICLE 149-*DUODECIES* OF THE CONSOB ISSUER REGULATIONS

The following table, prepared in accordance with Article 149-*duodecies* of the Consob Issuer Regulations, reports fees charged for 2012 for audit and other services provided by the independent auditors and entities in their network.

(€ thousand)	Service Provider	Fiat Industrial Group Entity		2012 Fees
Audit	Reconta Ernst & Young S.p.A.	Parent company – Fiat Industrial S.p.A.		**76**
	Reconta Ernst & Young S.p.A.	Subsidiaries		**1,002**
	Reconta Ernst & Young network	Subsidiaries	(1)	**5,943**
Attestation	Reconta Ernst & Young S.p.A.	Parent company – Fiat Industrial S.p.A.		**385**
	Reconta Ernst & Young S.p.A.	Subsidiaries		**9**
	Reconta Ernst & Young network	Subsidiaries		**25**
Other services	Reconta Ernst & Young S.p.A.	Parent company – Fiat Industrial S.p.A.	(2)	**-**
	Reconta Ernst & Young S.p.A.	Subsidiaries	(3)	**133**
	Reconta Ernst & Young network	Subsidiaries	(4)	**1,237**
Total				**8,810**

(1) Includes Sarbanes-Oxley Act §404 certification for CNH
(2) Fees for examination of the system of internal control over financial reporting (ICFR) for Fiat Industrial and subsidiaries
(3) Internal control review of financial data for Afin and company in Libya
(4) CNH sector for "Agreed upon Procedures" for securitization transactions and review of internal control system

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS UNDER ARTICLE 154-*BIS* OF LEGISLATIVE DECREE 58/98

1. The undersigned, Sergio Marchionne, in his capacity as the Chairman of the Company, and Pablo Di Si, as the executive officer responsible for the preparation of the Company's financial statements, pursuant to the provisions of Article 154-*bis*, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:
   - the adequacy with respect to the company structure; and
   - the effective application,

   of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at December 31, 2012.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at December 31, 2012 was based on a process defined by Fiat Industrial in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.
3. The undersigned moreover attest that:

   3.1 the consolidated financial statements at December 31, 2012:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated July 19, 2002;

   b) correspond to the amounts shown in the Company's accounts, books and records; and

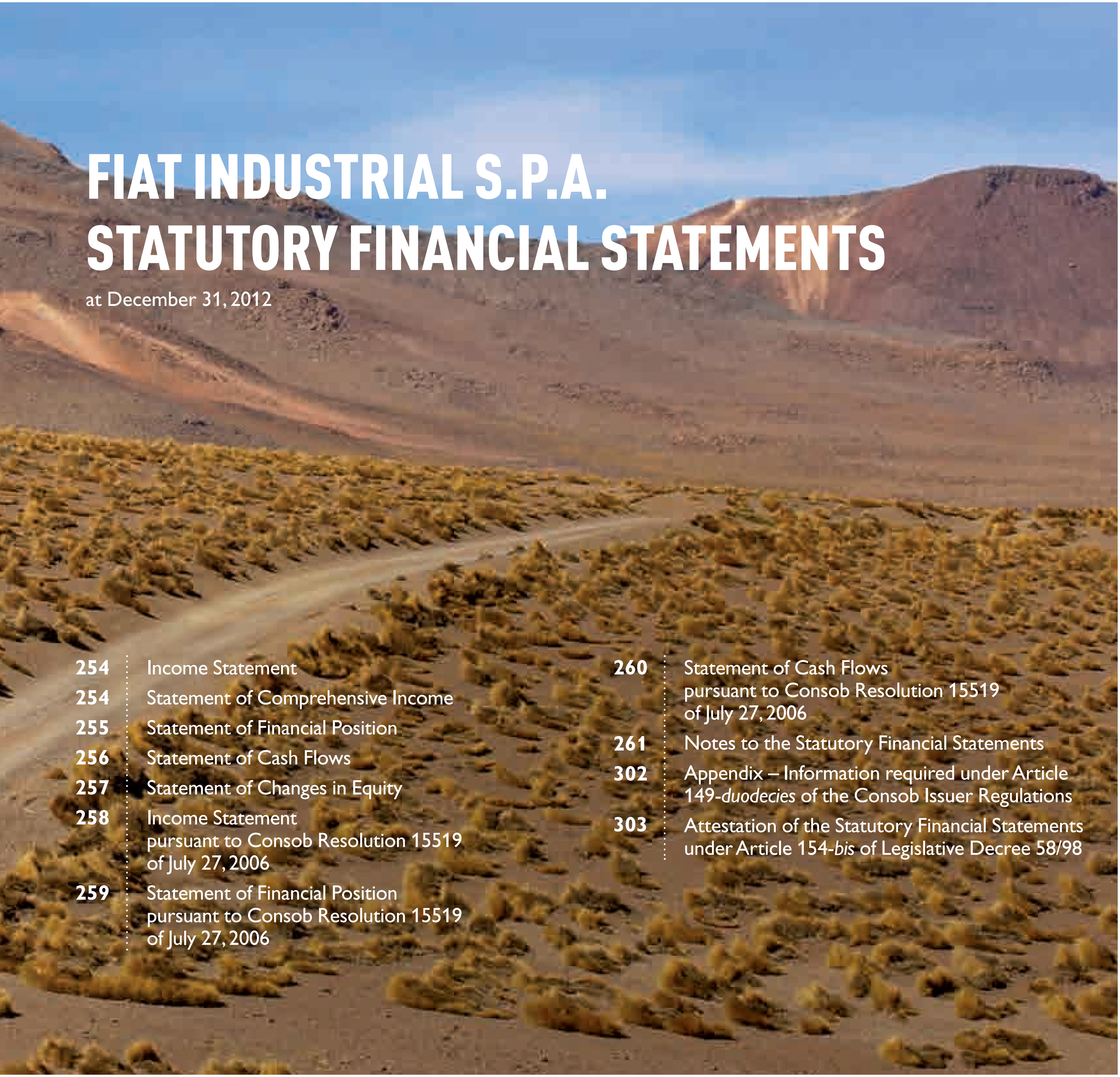
   c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of December 31, 2012 and for the year then ended.

   3.2 the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

February 21, 2013

/s/ Sergio Marchionne
Sergio Marchionne
CHAIRMAN

/s/ Pablo Di Si
Pablo Di Si
EXECUTIVE OFFICER RESPONSIBLE FOR PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS



FIAT INDUSTRIAL S.P.A.
STATUTORY FINANCIAL STATEMENTS

at December 31, 2012

INCOME STATEMENT(*)

(figures in €)	Notes	2012	2011
Dividends and other income from investments	(1)	230,000,000	450,000,000
Other operating income	(2)	17,089,250	9,942,586
Personnel costs	(3)	(11,285,109)	(10,525,906)
Other operating costs	(4)	(34,395,010)	(18,561,992)
Financial income/(expenses)	(5)	(87,382,255)	(138,987,812)
PROFIT/(LOSS) BEFORE TAXES		114,026,876	291,866,876
Income taxes	(6)	14,582,527	35,120,797
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		128,609,403	326,987,673
Profit/(loss) from discontinued operations		-	-
PROFIT/(LOSS)		128,609,403	326,987,673

(*) Pursuant to Consob Resolution 15519 of July 27, 2006, the effects of transactions with related parties on Fiat Industrial S.p.A.'s Income Statement are presented in a specific income statement provided on the following pages and commented on in the notes to individual line items and Note 24

STATEMENT OF COMPREHENSIVE INCOME

(€ thousand)	2012	2011
PROFIT/(LOSS) (A)	128,609	326,988
Other comprehensive income/(loss)	-	-
Income tax relating to components of Other comprehensive income/(loss)	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX (B)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)	128,609	326,988

STATEMENT OF FINANCIAL POSITION(*)

(figures in €)	Notes	At December 31, 2012	At December 31, 2011
ASSETS			
Non-current assets			
Intangible assets	(7)	457,315	459,334
Property, plant and equipment	(8)	15,935	18,266
Equity investments	(9)	6,487,695,463	5,777,600,463
Other financial assets	(10)	11,359,000	6,207,000
Deferred tax assets	(6)	-	-
Total non-current assets		6,499,527,713	5,784,285,063
CURRENT ASSETS			
Trade receivables	(11)	3,346,190	320,141
Current financial receivables	(12)	-	-
Other current receivables	(13)	100,131,867	81,400,555
Cash and cash equivalents	(14)	3,164	-
Total current assets		103,481,221	81,720,696
TOTAL ASSETS		6,603,008,934	5,866,005,759
EQUITY AND LIABILITIES			
Equity	(15)		
Share capital		1,919,433,145	1,913,298,892
Share premium reserve		456,131,216	462,265,468
Legal reserve		231,286,882	214,937,498
Other reserves and retained profit		1,237,109,309	1,159,964,194
Own shares		(65,900)	-
Profit/(loss)		128,609,403	326,987,673
Total equity		3,972,504,055	4,077,453,725
NON-CURRENT LIABILITIES			
Provisions for employee benefits and other non-current provisions	(16)	1,239,571	1,686,127
Non-current debt	(17)	11,359,000	6,207,000
Deferred tax liabilities	(6)	-	-
Total non-current liabilities		12,598,571	7,893,127
Current liabilities			
Provisions for employee benefits and other current provisions	(18)	1,650,851	5,666,835
Trade payables	(19)	9,051,456	4,178,998
Current debt	(20)	2,534,901,283	1,719,542,438
Other debt	(21)	72,302,718	51,270,636
Total current liabilities		2,617,906,308	1,780,658,907
TOTAL EQUITY AND LIABILITIES		6,603,008,934	5,866,005,759

(*) Pursuant to Consob Resolution 15519 of July 27, 2006, the effects of transactions with related parties on the Statement of Financial Position of Fiat Industrial S.p.A. are presented in a specific statement of financial position provided on the following pages and commented on in the notes to individual line items and Note 24

STATEMENT OF CASH FLOWS(*)

(€ thousand)	2012	2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:		
Profit/(loss)	128,609	326,988
Depreciation & Amortization	32	17
Non-cash cost of stock option/stock grant plans	6,196	-
Change in provisions for employee benefits and other provisions	(4,462)	7,353
Change in working capital	4,147	(30,636)
TOTAL	134,522	303,722
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:		
Investments in:		
Recapitalization of subsidiaries	(710,000)	(800,000)
Acquisitions	(95)	(254)
Other (investments)/disposals, net	(28)	(494)
TOTAL	(710,123)	(800,748)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:		
Change in current financial assets	-	217,484
Repayment of non-current debt	-	(1,050,000)
Change in current debt	815,359	1,329,542
Purchase of own shares	(66)	-
Dividends paid	(239,689)	-
TOTAL	575,604	497,026
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	3	-
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	3	-

(*) Pursuant to Consob Resolution 15519 of July 27, 2006, the effects of transactions with related parties on the Statement of Cash Flows of Fiat Industrial S.p.A. are presented in a specific statement of cash flows provided on the following pages

STATEMENT OF CHANGES IN EQUITY

(€ thousand)	Share capital	Share premium reserve	Legal reserve	Reserve available for the purchase of own shares	Reserve for own shares	Retained profit/(loss)	Stock grant reserve	Own shares (1)	Other reserves (2)	Profit/(loss) for the year	Total equity
Incorporation and contribution to share capital	120										**120**
Capital contributions									6,159		**6,159**
Total comprehensive income/(loss)										(6,159)	**(6,159)**
Balances at December 31, 2010	**120**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,159**	**(6,159)**	**120**
Allocation of prior year profit:											
cover of prior year loss									(6,159)	6,159	**-**
Demerger of activities from Fiat S.p.A.	1,913,179	462,265	214,937			1,159,964					**3,750,345**
Establishment of reserve for purchase of own shares				1,000,000		(1,000,000)					**-**
Total comprehensive income/(loss)										326,988	**326,988**
Balances at December 31, 2011	**1,913,299**	**462,265**	**214,937**	**1,000,000**	**-**	**159,964**	**-**	**-**	**-**	**326,988**	**4,077,453**
Allocation of prior year profit:											
to the Legal reserve			16,350							(16,350)	**-**
dividend distributions										(239,689)	**(239,689)**
balance to retained profit						70,949				(70,949)	**-**
Carryforward and adjustment to reserve for the purchase of own shares				(500,000)		500,000					**-**
Purchase of own shares				(66)	66			(66)			**(66)**
Conversion of preference and savings shares into ordinary shares	6,134	(6,134)									**-**
Valuation of stock grant plans							6,196				**6,196**
Total comprehensive income/(loss)										128,609	**128,609**
Balances at December 31, 2012	**1,919,433**	**456,131**	**231,287**	**499,934**	**66**	**730,913**	**6,196**	**(66)**	**-**	**128,609**	**3,972,503**

1) At December 31, 2012, the Company held 8,528 own shares having a total par value of €13 thousand
2) Other reserves includes the Capital contribution reserve

INCOME STATEMENT

PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

(€ thousand)	Notes	2012	of which related parties (Note 24)	2011	of which related parties (Note 24)
Dividends and other income from investments	(1)	230,000	230,000	450,000	450,000
Other operating income	(2)	17,089	17,086	9,943	9,730
Personnel costs	(3)	(11,285)	(4,154)	(10,526)	(2,654)
Other operating costs	(4)	(34,395)	(18,153)	(18,562)	(10,301)
Financial income/(expenses)	(5)	(87,382)	(86,753)	(138,988)	(138,973)
PROFIT/(LOSS) BEFORE TAXES		114,027		291,867	
Income taxes	(6)	14,582		35,121	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		128,609		326,988	
Profit/(loss) from discontinued operations		-		-	
PROFIT/(LOSS)		128,609		326,988	

STATEMENT OF FINANCIAL POSITION

PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

(€ thousand)	Notes	At December 31, 2012	of which related parties (Note 24)	At December 31, 2011	of which related parties (Note 24)
ASSETS					
Non-current assets					
Intangible assets	(7)	457		459	
Property, plant and equipment	(8)	16		18	
Equity investments	(9)	6,487,695	6,487,695	5,777,600	5,777,600
Other financial assets	(10)	11,359	11,359	6,207	6,207
Deferred tax assets	(6)	-		-	
Total non-current assets		6,499,527		5,784,284	
Current assets					
Trade receivables	(11)	3,346	3,346	320	320
Current financial receivables	(12)	-		-	
Other current receivables	(13)	100,132	34,556	81,401	79,808
Cash and cash equivalents	(14)	3		-	
Total current assets		103,481		81,721	
TOTAL ASSETS		6,603,008		5,866,005	
EQUITY AND LIABILITIES					
Equity	(15)				
Share capital		1,919,433		1,913,299	
Share premium reserve		456,131		462,265	
Legal reserve		231,287		214,937	
Other reserves and retained profit		1,237,109		1,159,964	
Own shares		(66)		-	
Profit/(loss)		128,609		326,988	
Total equity		3,972,503		4,077,453	
NON-CURRENT LIABILITIES					
Provisions for employee benefits and other non-current provisions	(16)	1,240	235	1,686	978
Non-current debt	(17)	11,359	11,359	6,207	6,207
Deferred tax liabilities	(6)	-		-	
TOTAL NON-CURRENT LIABILITIES		12,599		7,893	
Current liabilities					
Provisions for employee benefits and other current provisions	(18)	1,651		5,667	
Trade payables	(19)	9,051	2,306	4,179	1,012
Current debt	(20)	2,534,901	2,534,901	1,719,542	1,719,542
Other debt	(21)	72,303	69,621	51,271	48,801
Total current liabilities		2,617,906		1,780,659	
TOTAL EQUITY AND LIABILITIES		6,603,008		5,866,005	

STATEMENT OF CASH FLOWS

PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

(€ thousand)	2012	of which related parties	2011	of which related parties
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-		-	
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:				
Profit/(loss)	128,609		326,988	
Depreciation & Amortization	32		17	
Non-cash cost of stock option/stock grant plans	6,196	6,196	-	
Change in provisions for employee benefits and other provisions	(4,462)	(743)	7,353	978
Change in working capital	4,147	64,340	(30,636)	(30,407)
TOTAL	134,522		303,722	
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:				
Investments in:				
Recapitalization of subsidiaries	(710,000)	(710,000)	(800,000)	(800,000)
Acquisitions	(95)	(95)	(254)	(254)
Other (investments)/disposals, net	(28)		(494)	(403)
TOTAL	(710,123)		(800,748)	
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:				
Change in current financial assets	-		217,484	217,484
Repayment of non-current debt	-		(1,050,000)	(1,050,000)
Change in current debt	815,359	815,359	1,329,542	1,329,542
Purchase of own shares	(66)	(66)	-	
Dividends paid	(239,689)	(78,228)	-	
TOTAL	575,604		497,026	
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	3		-	
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	3		-	

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

Fiat Industrial S.p.A. (the "Company") is incorporated in the Republic of Italy and is the parent company of Fiat Industrial Group (the "Group"), which holds interests, either directly or indirectly through sub-holdings, in the parent companies of the business sectors through which Fiat Industrial Group operates. Fiat Industrial S.p.A. was incorporated in 2010 for the purpose of acquiring the capital goods activities demerged from Fiat S.p.A. on January 1, 2011.

The Company's head office is located in Turin, Italy.

Fiat Industrial S.p.A.'s financial statements are prepared in euros, the Company's functional currency.

The Statements of Income and Financial Position are presented in euros, while values presented in the Statements of Comprehensive Income, Cash Flows and Changes in Equity and the Notes to the Financial Statements are in thousands of euros, except where otherwise stated.

As parent company, Fiat Industrial S.p.A. has also prepared consolidated financial statements for Fiat Industrial Group for the year ended December 31, 2012.

Combination of Fiat Industrial – CNH

On May 30, 2012, Fiat Industrial S.p.A. ("FI") invited the Board of Directors of CNH Global N.V. ("CNH"), in which FI holds currently an 87% stake, to explore the benefits of a merger of the two companies into a newly-incorporated Dutch company, or similar structure, at exchange ratios determined with reference to the undisturbed market prices of FI and CNH shares prior to the transaction being announced (i.e., March/April 2012). The objective of the transaction is to simplify the Group's capital structure by creating a single class of liquid stock, with a primary listing in New York and a secondary listing in Europe (subsequently identified as Borsa Italiana in Milan), thereby establishing a true peer to the major North American-based capital goods players in both scale and capital market appeal.

On November 26, 2012 – following completion of negotiations between Fiat Industrial and the Special Committee formed by CNH Global N.V.'s Board of Directors – FI and CNH announced that they had entered into a definitive merger agreement. On the basis of the agreement, FI and CNH will be merged into a newly-incorporated Dutch company (NewCo), with FI shareholders receiving one NewCo share for each FI share held and CNH shareholders receiving 3.828 NewCo shares for each CNH share held. Additionally, on December 28, 2012, CNH paid minority shareholders a cash dividend of USD 10 per CNH share, as also established in the agreement. The transaction is subject to the customary closing conditions, including a cap on the exercise of withdrawal rights by FI shareholders and opposition rights by FI creditors of €325 million in aggregate. It is also subject to the approval of shareholders of both FI and CNH.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The 2012 statutory financial statements represent the separate financial statements of the parent company, Fiat Industrial S.p.A., and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, in addition to provisions implementing Article 9 of Legislative Decree 38/2005. The designation IFRS also includes all valid International Accounting Standards ("IAS"), as well as all interpretations issued by the IFRS Interpretations Committee, formerly the International Financial Reporting Interpretations Committee ("IFRIC"), and prior to that the Standing Interpretations Committee ("SIC").

Fiat Industrial S.p.A.'s financial statements have been prepared under the historic cost convention and on the going concern assumption. In the event of completion of the proposed merger transaction, the assets and liabilities of Fiat Industrial S.p.A. would be transferred to and continue as part of NewCo.

Format of the financial statements

Given the activities carried out by Fiat Industrial S.p.A., presentation of the Statutory Income Statement is based on the nature of revenues and expenses. The Consolidated Income Statement for Fiat Industrial Group is classified according to function (also referred to as the "cost of sales" method), which is considered more representative of the format used for internal reporting and management purposes and is in line with international practice in the capital goods sector. For the Statement of Financial Position, Fiat Industrial S.p.A. has elected the "current and non-current" classification for the presentation of assets and liabilities. For the Consolidated Statement of Financial Position, a mixed presentation has been elected, as permitted under IAS 1, with the current and non-current classification applied to assets only. That election was based on the fact that the consolidated financial statements include both industrial companies and financial services companies. The financing portfolios of financial services companies are included under current assets, as those assets will be realized in the course of the normal operating cycle. In addition, the financial services companies only obtain a portion of their funding directly from the market. The remainder of their funding is obtained from Group treasury companies (included under industrial activities), which provide funding to both industrial companies and financial services companies within the Group, on the basis of their individual requirements. The distribution of financial services activities within the Group has no impact on the presentation of financial liabilities for Fiat Industrial S.p.A. However, for the Consolidated Statement of Financial Position, the distribution of those activities means that a classification of financial liabilities between current and non-current would not be meaningful.

The Statement of Cash Flows is presented using the indirect method.

With regard to the requirements of Consob Resolution 15519 of July 27, 2006 relating to the format of the financial statements, supplementary Statements of Income, Financial Position and Cash Flows with a breakdown of related party transactions have been provided separately so that the overall reading of the principal statements is not compromised.

Intangible assets

Purchased or internally-generated intangible assets are recognized, in accordance with IAS 38 – *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably.

Intangible assets with a finite useful life are measured at purchase or manufacturing cost, net of amortization (charged on a straight-line basis over the estimated useful life) and any impairment losses.

In accordance with IFRS 3 – *Business combinations*, goodwill is recognized on the date of acquisition of a business or business unit where the amount of the consideration (measured at fair value) plus the value of any non-controlling interests and the fair value of the equity interest previously held in the acquired entity (if any) is higher than the acquisition-date fair value of the identifiable assets acquired net of the identifiable liabilities assumed. Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that an impairment loss has occurred. After initial recognition, goodwill is measured at cost (as defined above) less any impairment losses.

Property, plant and equipment

Cost

Property, plant and equipment are stated at acquisition or production cost, net of accumulated depreciation and impairment losses.

Subsequent expenditures are only capitalized where they increase the future economic benefits of the asset to which they relate. All other expenditures are expensed as incurred.

The method and rates used for depreciating assets are provided below.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Costs related to operating leases are recognized on a straight-line basis over the duration of the lease.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of an asset as follows:

	Annual depreciation rate
Furniture	12%
Fixtures	20%

Impairment

The Company reviews, at least annually, the recoverability of the carrying amount of intangible assets, tangible assets and investments in subsidiaries, in order to determine whether those assets have suffered a loss in value. Where there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount.

In relation to investments in subsidiaries that have distributed a dividend, the following are also considered indicators of impairment:

- if the carrying amount of the investment in the separate financial statements exceeds the book value of that company's equity (including any associated goodwill) as recognized in the consolidated financial statements
- if dividends exceed the comprehensive income of the investee for the period to which the dividend relates

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use.

When testing for impairment of investments in subsidiaries whose market value (fair value less disposal costs) cannot be reliably measured, the recoverable amount is based on value in use, which – in line with the requirements of paragraph 33 of IAS 28 – is determined by estimating the present value of future cash flows and a theoretical terminal value.

Where impairment of an asset subsequently reverses, the carrying amount of that asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in the income statement.

Financial instruments

Presentation

Financial instruments held by the Company are classified in the financial statements as follows:

- Non-current assets: equity investments, other financial assets
- Current assets: trade receivables, current financial receivables, other current receivables, cash and cash equivalents
- Non-current liabilities: non-current debt
- Current liabilities: trade payables, current debt, other debt

The item cash and cash equivalents includes bank deposits that are readily convertible into cash and for which the risk of changes in value is insignificant.

Non-current debt includes liabilities related to financial guarantees. Financial guarantees are contracts where the Company undertakes to make specific payments to a counterparty for losses incurred as a result of the failure of a borrower to meet its payment obligations for a given debt instrument. The present value of any related fees receivable is recognized under other non-current financial assets.

Measurement

Investments in subsidiaries are recognized at cost and adjusted for any impairment losses.

Any positive difference, arising on acquisition, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries are tested annually for impairment, or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognized immediately through the income statement. If the Company's share of losses of the investee exceeds the carrying amount of the investment and if the Company has an obligation or intention to cover those losses, the Company's interest is reduced to zero and a liability is recognized for its share of any additional losses. If an impairment loss is subsequently reversed, the increase in value (not to exceed purchase cost) is recognized through the income statement.

Investments in other companies, consisting of non-current financial assets that are not held for trading (i.e., non-current available-for-sale financial assets) are stated at cost and adjusted for any impairment losses.

Other financial assets, which the Company has the intention to hold to maturity, are initially recognized on the settlement date at purchase cost (considered representative of their fair value) which, with the exception of held-for-trading financial assets, is inclusive of transaction costs. Subsequent measurement is at amortized cost using the effective interest method.

Trade receivables, **current financial receivables** and **other current receivables**, excluding those based on a derivative financial instrument, as well as all other unquoted financial assets whose fair value cannot be reliably determined, are measured at amortized cost using the effective interest method, if they have a fixed term, or at cost, if they have no fixed term. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Regular assessments are made to determine whether there is objective evidence that financial assets, separately or within a group of assets, have been impaired. Where such evidence exists, an impairment loss is recognized in the income statement for the period.

Non-current debt, **trade payables**, **current debt** and **other debt** are initially recognized at fair value (normally represented by the cost of the transaction from which the liability arises), in addition to any transaction costs.

With the exception of derivative instruments and liabilities arising from financial guarantees, financial liabilities are subsequently measured at amortized cost using the effective interest method. Measurement of financial liabilities hedged by derivative instruments follows the principles of hedge accounting for fair value hedges. Gains and losses arising from subsequent measurement at fair value, caused by fluctuations in interest rates, are recognized through the income statement and are offset by the effective portion of the gain or loss arising from subsequent measurement at fair value of the hedging instrument.

Liabilities arising from financial guarantees are measured at the higher of the estimate of the contingent liability (determined in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*) and the amount initially recognized less any amounts already released to profit and loss.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- **Fair value hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement.

- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge against variability in future cash flows of an existing asset or liability or a transaction considered highly probable that could impact the income statement, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. Any cumulative gain or loss is reversed from other comprehensive income and recognized in the income statement in the same period in which the hedged transaction affects the income statement. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet occurred, any gain or loss previously recognized in other comprehensive income is recognized through profit and loss at the time the hedged transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in other comprehensive income is immediately transferred to the income statement. If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

Sales of receivables

Factored receivables are derecognized if, and only if, the risks and rewards of ownership have been substantially transferred to the buyer. Whether sold on a recourse or non-recourse basis, if this condition is not satisfied, the receivables continue to be recognized in the financial statements, even if there has been a change in legal ownership. In such cases, a financial liability is recognized for an amount equivalent to the advance received.

Employee benefits

Post-employment benefit plans

The Company provides pension plans and other post-employment benefit plans to its employees. Pension plans in which the Company is obliged to participate under Italian law are defined contribution plans, while other post-employment benefit plans, in which the Company's participation is generally subject to collective bargaining agreements, are defined benefit plans. Costs associated with payments to defined contribution plans are recognized in the income statement when incurred. Defined benefit plans are based on an employee's working life and on the salary or wage received by the employee over a predetermined period of service.

In accordance with Law 296 of December 27, 2006 and subsequent decrees and regulations issued in the first half of 2007, the leaving entitlement payable to employees of Group companies in Italy (*Trattamento di Fine Rapporto* or "TFR") qualifies as a defined benefit plan for benefits accrued prior to January 1, 2007 (and not yet paid out as at the balance sheet date), while benefits accruing after that date are classified as defined contributions.

The Company's obligation to fund defined benefit plans and the associated annual cost recognized in the income statement are determined on an actuarial basis using the projected unit credit method. The portion of net cumulative actuarial gains and losses which exceeds 10% of the present value of the defined benefit obligation at the end of the previous year is amortized over the average remaining service lives of employees (the "corridor approach"). The portion of actuarial gains and losses that does not exceed this threshold is deferred. On first adoption of the IFRS Fiat Group elected to recognize all cumulative actuarial gains and losses existing at January 1, 2004, although it adopted the corridor approach for recognition of subsequent actuarial gains and losses.

For defined benefit plans, any costs associated with the increase in present value of the liability nearer to the payment date are recognized under financial expenses.

Liabilities associated with defined benefit plans are recognized in the statement of financial position at their present value adjusted for unrecognized actuarial gains and losses, arising from application of the corridor method, and unrecognized past service costs.

Other long-term employee benefits

The accounting treatment for other long-term benefits is the same as for post-employment benefit plans except that actuarial gains and losses and past service costs are fully recognized in the income statement in the year in which they arise and the corridor method is not applied.

Equity-based compensation

Share-based compensation plans to be settled through physical delivery of Fiat Industrial S.p.A. shares are measured at fair value at the grant date. That fair value is expensed over the vesting period with a corresponding increase in equity. Initial measurement is not affected by any subsequent changes in fair value.

Provisions

The Company recognizes provisions when it has a legal or constructive obligation to third parties, when it is probable that an outflow of resources will be required to satisfy that obligation and when a reliable estimate of the amount can be made.

Changes in estimates are reflected in the income statement in the period in which they occur.

Own shares

Own shares are recognized as a deduction from equity. The original cost of own shares, proceeds from any subsequent sale and other changes are reported as changes in equity.

Dividends received

Dividends from investees are recognized in the income statement when the right to receive the dividend is established.

Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction will flow to the Company and the amount can be reliably measured. Revenue is presented net of any adjusting items.

Financial income and expenses

Financial income and expenses are recognized in the income statement in the period in which they are earned or incurred.

Finance costs related to investments in qualifying assets that require a substantial period of time to prepare for their intended future use or sale are capitalized and amortized over the useful life of the asset.

Income taxes

The tax charge is determined on the basis of the provisions of Presidential Decree 917 of December 22, 1986 as amended. Taxes on income are recognized in profit and loss, except where they relate to items charged or credited directly to other comprehensive income, in which case the tax effect is also recognized directly in other comprehensive income.

For deferred tax assets and liabilities, determination is based on the temporary differences existing between the carrying amount of an asset or liability in the statement of financial position and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Current and deferred income taxes and liabilities are offset when there is a legal right to do so. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed.

Fiat Industrial S.p.A. and almost all its Italian subsidiaries have elected to take part in the domestic tax consolidation program pursuant to Articles 117/129 of Presidential Decree 917/1986 for a three-year period beginning in 2011.

Fiat Industrial S.p.A. acts as the consolidating company, creating a single taxable base so that companies taking part in the program can benefit from potential offsetting of taxable income and tax losses. Each company participating in the consolidation transfers its taxable income or tax losses to the consolidating company. Fiat Industrial S.p.A. recognizes a receivable for companies contributing taxable income, corresponding to the amount of IRES (corporate income tax) payable on their behalf. For companies contributing a tax loss, Fiat Industrial S.p.A. recognizes a payable for the amount of the loss actually set off at group level.

Dividends payable

Dividends payable are recognized as changes in equity in the period in which they are approved by Shareholders.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires that management make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities existing at the balance sheet date. The estimates and assumptions used are based on information available at the balance sheet date, past experience and other factors considered relevant. Actual results could differ from those estimates.

Conditions attributable to the economic and financial crisis that have existed since 2008 have resulted in assumptions regarding future performance being subject to significant uncertainty. As a consequence, it cannot be excluded that results in future periods could differ from estimates, requiring adjustments, potentially even significant adjustments, to the carrying amount of the item(s) in question, which at present can neither be estimated nor predicted.

The line item most impacted by the use of estimates is "investments in subsidiaries" included under non-current assets, where estimates are used to conduct impairment tests. There were no particular or significant issues relating to estimates used in measurement of employee benefits, taxes or provisions, particularly given their relative materiality.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognized directly in profit and loss in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

With regard to investments in subsidiaries, the use of estimates essentially related to determination of their recoverable value. For the investment in Fiat Netherlands Holding N.V. (parent company of CNH and principal foreign subsidiaries of Iveco), the book value recognized by Fiat Industrial S.p.A. is significantly lower than the book value of equity reported in the separate and consolidated financial statements of the investee for the year ended December 31, 2012 (prepared under IFRS), which reflected the results of a thorough process for the determination of the recoverability of assets.

With regard to the investments in Iveco S.p.A. and FPT Industrial S.p.A., an impairment test was conducted to determine value in use based on the present value of expected cash flows. The estimates took into account the expected results for 2013, based on assumptions and information consistent with the "Subsequent Events and Outlook" section of the Report on Operations, as well as management's financial projections for the period 2014-2016. As an additional measure of prudence, a sensitivity analysis was conducted to take account of uncertainty relating to the timing of a full market recovery. Discount rates (after tax) of 10.1% and 10.3% were used for Iveco S.p.A. and FPT Industrial S.p.A., respectively, which take account of the sectors and geographic markets in which they operate. The calculations of terminal value assumed growth rates of 1.4% and 0.8%, respectively. On the basis of the estimates and assumptions applied, it was determined that the value of the assets concerned is recoverable.

No impairment was identified for Fiat Industrial Finance S.p.A.

Accounting standards, amendments and interpretations adopted from January 1, 2012

On October 7, 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments are intended to improve the understanding of transfers of financial assets (derecognition) for users of financial statements, including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period and are to be applied prospectively. The Group applied those amendments from January 1, 2012. Adoption of the revised standard had no effect on measurement of items in the financial statements and only a limited effect on disclosure.

Accounting standards, amendments and interpretations effective from January 1, 2012 but not applicable to the Company

On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes*, which clarified determination of deferred taxes on investment properties measured at fair value. The amendment introduced the assumption that deferred taxes on investment properties recognized at fair value in accordance with IAS 40 are determined assuming that the carrying amount will be recovered through disposal. Following introduction of this amendment, SIC-21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer be applicable. The amendment is effective retrospectively from January 1, 2012 and has no impact on the Company.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Company

At the date of this Annual Report, the following accounting standards, amendments and interpretations had been endorsed by the European Union.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* that will replace SIC-12 – *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (which will be renamed *Separate Financial Statements* and addresses accounting treatment for investments in separate financial statements). IFRS 10 builds on existing standards and establishes criteria for determining control which are the same for all entities, including special purpose entities. The standard provides additional guidance for situations where control may be difficult to determine. The standard is effective retrospectively from January 1, 2013. The European Union concluded the endorsement process for this standard postponing mandatory adoption to January 1, 2014, but permitting early adoption. The Company elected to adopt the standard from January 1, 2013. No significant effect on the Company's financial statements is expected from the adoption of this standard.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements* which will supersede IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. The new standard sets out criteria for identifying joint arrangements, by focusing on the rights and obligations of the arrangement rather than its legal form, and establishes the equity method as the sole method of accounting for interests in jointly-controlled entities in the consolidated financial statements. The standard is applicable retrospectively from January 1, 2013. Following issue of the new standard, IAS 28 – *Investments in Associates* has been amended to also include investments in jointly-controlled entities in its scope of application (from the effective date of the standard). The European Union concluded the endorsement process for this standard postponing mandatory adoption to January 1, 2014, but permitting early adoption. The Company elected to adopt the standard effective January 1, 2013. No significant effect on the Company's financial statements is expected from the adoption of this standard.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective retrospectively from January 1, 2013. The European Union concluded the endorsement process for this standard postponing mandatory adoption to January 1, 2014, but permitting early adoption. The Company elected to adopt the standard effective January 1, 2013. No significant effect on the Company's financial statements is expected from the adoption of this standard.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which clarifies rules for determination of fair value for reporting purposes and applies to all IFRS that require or allow fair value measurement or disclosures based on fair value. The standard is applicable prospectively from January 1, 2013. No significant effect on the Company's financial statements is expected from the adoption of this standard.

On June 16, 2011, the IASB issued an amended version of IAS 19 - *Employee Benefits* which is applicable retrospectively from January 1, 2013. The amendment concerns the requirements for recognizing defined benefit plans and termination benefits. The principal changes to defined benefit plans concern the recognition of the plan deficit or surplus to the balance sheet, the introduction of net interest cost and the classification of the net interest cost arising from defined benefit plans, as described below:

- Recognition of the plan deficit or surplus: the amendment removes the option to defer actuarial gains and losses under the "corridor method" and requires their direct recognition to other comprehensive gains/(losses). In addition, the amendment requires immediate recognition to the income statement of costs concerning prior year labor contracts.
- Net interest cost: the amendment replaces the concepts of interest expense and expected return on defined benefit plans with a concept of a net interest expense on defined benefit plans which comprises:
  - interest costs calculated on the present value of liabilities for defined benefit plans
  - interest income from the valuation of plan assets, and
  - interest cost or income arising from any limits to the recognition of the plan surplus

  The net financial cost is established utilizing, for all components, the discount rate applied for the measurement of the obligation for defined benefit plans at the beginning of the period. In accordance with the current version of IAS 19, the expected return on assets is calculated using a long-term rate of return.
- Classification of net interest cost: under the new definition of net interest cost established by the amendment, all net interest costs on defined benefit plans must be recognized to financial income/(expenses) in the income statement. Under the current version of IAS 19, the Company recognizes all costs and income from the measurement of pension plan liabilities by function, with the exception of the financial component concerning unfunded defined benefit plans, which is included under financial income/(expenses).

In accordance with the transition rules of IAS 19, paragraph 173, the Company will apply this amendment retrospectively from January 1, 2013, adjusting the values reported in the balance sheet at December 31, 2012 and the income statement for 2012 as if the IAS amendment had applied from the beginning of the period. No significant effect is expected on the Company's financial statements from the adoption of this standard.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring entities to group together items within other comprehensive income that may subsequently be reclassified to profit or loss and those that will not be subsequently reclassified to profit or loss. The amendment is applicable for annual periods beginning on or after July 1, 2012. The Company will adopt this amendment from January 1, 2013. Adoption of this standard will have no effect on the measurement of items in the financial statements.

On December 16, 2011, the IASB issued amendments to IAS 32 – *Financial Instruments: Presentation*, which clarifies application of certain criteria contained in IAS 32 for netting of financial assets and liabilities. The amendments are applicable retrospectively for annual periods beginning on or after January 1, 2014.

On December 16, 2011, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. The amendments are effective for annual and interim periods beginning on or after January 1, 2013. Disclosure is to be provided retrospectively. No significant effect on the Company's financial statements is expected from the adoption of this standard.

At the reporting date, the European Union had not yet concluded the endorsement process of the following standards and amendments:

- On November 12, 2009, the IASB issued IFRS 9 – *Financial Instruments*; this standard was subsequently amended. The new standard, applicable retrospectively from January 1, 2015, represents completion of the first phase of a project to replace IAS 39 and introduces new requirements for classification and measurement of financial instruments. For financial assets, the standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value – replacing the many different rules in IAS 39 – which is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For financial liabilities, the principal change relates to the recognition of changes in fair value for financial instruments measured at fair value through profit or loss, where those changes are due to changes in the liability's credit risk. Under the new standard, these changes must be presented in other comprehensive income rather than through profit or loss.
- On May 17, 2012, the IASB issued a set of amendments to the IFRS ("Annual Improvements to IFRS – 2009-2011 Cycle") that are applicable retrospectively from January 1, 2013. Following is a description of those amendments that will lead to changes in the presentation, recognition or measurement of items in the financial statements, excluding those that only relate to changes in terminology or editorial changes with limited accounting impacts and those relating to standards or interpretations that are not applicable to the Company:
  - IAS 1 – *Presentation of Financial Statements*: the amendment clarifies how comparative information should be presented when an entity changes accounting policies and when an entity provides comparative information that is additional to the minimum information required
  - IAS 16 – *Property, Plant and Equipment*: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment are to be recognized in accordance with IAS 16, if they meet the definition of property, plant and equipment, otherwise they are to be classified as inventory
  - IAS 32 – *Financial instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – *Income Taxes* and IAS 32 concerning the recognition of tax arising from distributions to shareholders, and establishes that such tax is to be recognized in profit or loss when the distribution relates to income originally recognized in profit or loss
  - IAS 34 – *Interim Financial Reporting*: the amendment clarifies that disclosures on total assets and total liabilities for a particular reportable segment are to be provided if, and only if:

    a) a measure of total assets or total liabilities, or both, is regularly provided to the chief operating decision maker, and

    b) there has been a material change from the amount disclosed for that reportable segment in the previous annual financial statements.

COMPOSITION AND PRINCIPAL CHANGES

1. Dividends and other income from investments

Following is a breakdown of dividends and other income from investments:

(€ thousand)	2012	2011
Dividends from subsidiaries:		
Fiat Netherlands Holding N.V.	230,000	450,000
Total dividends from subsidiaries	230,000	450,000
Total dividends and other income from investments	**230,000**	**450,000**

2. Other operating income

Following is a breakdown of other operating income:

(€ thousand)	2012	2011
Revenues from services rendered to Group companies	16,784	9,639
Revenues from services rendered to other related parties	269	178
Other revenues and income from Group companies	33	91
Other revenues and income from third parties	3	35
Total other operating income	**17,089**	**9,943**

Revenues from services rendered to Group companies and other related parties consisted of services rendered by Fiat Industrial S.p.A. and its managers to the principal companies of Fiat Industrial Group and, in a limited number of cases, to Fiat Group (see Note 24).

Other revenues and income from Group companies mainly relates to recovery of costs.

Other revenues and income from third parties relates to miscellaneous income, recovery of costs and other prior year income.

The increase in Revenues from services rendered was attributable to an increase in amounts invoiced to Group companies for services rendered and cost charge-backs for management personnel.

3. Personnel costs

Personnel costs consisted of the following:

(€ thousand)	2012	2011
Wages and salaries	6,017	3,991
Defined contribution plans and social security contributions	2,559	1,578
Leaving entitlement and other defined benefit plans	159	57
Other personnel costs	2,550	4,900
Total personnel costs	**11,285**	**10,526**

The average number of employees increased from 32 in 2011 (16 managers and 16 staff) to 71 in 2012 (24 managers and 47 staff). That increase was primarily attributable to the transfer of 35 employees to Fiat Industrial S.p.A. on December 1, 2011 following acquisition of the "Fiat Industrial Group Internal Audit" business unit. As described in Note 2, some of the Company's managers (an average of 2 managers in 2012 and 3 managers in 2011) carried out their activities at the principal subsidiaries of the Group and of Fiat Group and the associated costs were charged back to the companies concerned.

The costs associated with defined contribution plans consisted of amounts paid by the Company to the Italian state social security organization (INPS) and other social security and assistance organizations for post-employment defined contribution plans (pension and health care) on behalf of employees in all categories. Following the introduction of Law 296/06, leaving entitlements in Italy (*trattamento di fine rapporto*) accrued from January 1, 2007 and paid in to supplementary pension funds or the fund established by INPS are recognized under "Defined contribution plans and social security contributions", while adjustments to the leaving entitlement fund accrued before January 1, 2007 are recognized under "Leaving entitlement and other defined benefit plans" (see Note 16).

Social security contributions represents amounts paid by the Company to social security agencies in relation to short-term benefits for situations such as illness, injury and compulsory maternity leave.

Other personnel costs relates primarily to accruals for variable compensation in the form of annual performance bonuses.

For 2012, compensation to executives with strategic responsibilities totaled €4,154 thousand (€2,799 thousand of which was charged back to the Group companies where they carried out their activities). The total cost for the year, net of chargebacks, includes €367 thousand for the Company's contribution to defined contribution schemes and social security.

4. Other operating costs

Following is a breakdown of other operating costs:

(€ thousand)	2012	2011
Costs for services rendered by Group companies	**1,605**	1,396
Costs for services rendered by other related parties	**6,897**	4,791
Costs for services rendered by third parties	**14,942**	10,540
Compensation component from stock grant plans	**6,196**	-
Leases and rentals	**455**	261
Purchase of goods	**28**	20
Depreciation of property, plant and equipment	**2**	2
Amortization of intangible assets	**30**	15
Misc. operating costs	**4,240**	1,537
Total other operating costs	**34,395**	**18,562**

Costs for services rendered by Group companies primarily consisted of financial advisory services and services provided by managers of Group companies to Fiat Industrial S.p.A. (see Note 24).

Costs for services rendered by other related parties primarily consisted of assistance and consultancy concerning administration, tax, public relations, personnel management, security services and IT services (see Note 24).

Costs for services rendered by third parties essentially consisted of financial advisory, legal and notary services related to the combination of Fiat Industrial and CNH.

For 2012, compensation for the directors and statutory auditors of Fiat Industrial S.p.A. totaled €2,084 thousand and €195 thousand, respectively (€3,150 thousand and €105 thousand in 2011). For directors, that compensation includes fees approved by Shareholders as well as compensation set by the Board of Directors for directors with specific responsibilities.

The compensation component from stock grant plans represents the notional cost of the Long Term Incentive Plan awarded to the Chairman, which was recognized directly in the appropriate equity reserve (see Note 15).

Miscellaneous operating costs consists of membership fees and contributions to trade associations, indirect taxes and duties (non-deductible VAT, etc.), prior year expenses and other minor charges.

5. Financial income/(expenses)

The breakdown of financial income and expenses was as follows:

(€ thousand)	2012	2011
Financial income	2,845	1,566
Financial expenses	(90,227)	(140,554)
Total financial income/(expenses)	**(87,382)**	**(138,988)**

Financial income consisted of the following:

(€ thousand)	2012	2011
Financial income from Group companies:		
Interest income on current account with Fiat Industrial Finance S.p.A.	-	162
Fee income for sureties and unsecured guarantees	2,031	1,401
Other financial income	710	-
Total financial income from Group companies	2,741	1,563
Financial income from other related parties:		
Interest income and other financial income	-	5
Total financial income from other related parties	-	5
Financial income from third parties:		
Interest income on tax credits	109	-
Total financial income from third parties	109	-
Currency translation gains/(losses)	(5)	(2)
Total financial income	**2,845**	**1,566**

Financial expenses consisted of the following:

(€ thousand)	2012	2011
Financial expenses payable to Group companies:		
Interest expenses on current account with Fiat Industrial Finance S.p.A.	74,572	44,759
Interest expenses on loans from Fiat Industrial Finance S.p.A.	12,354	34,134
Interest expenses and other financial charges	777	1
Interest expenses and charges for the sale of receivables	1,791	-
Total financial expenses payable to Group companies	89,494	78,894
Financial expenses payable to other related parties:		
Expenses for early repayment of loan from Fiat Finance S.p.A.	-	54,425
Interest expenses on loans from Fiat Finance S.p.A.	-	7,223
Total financial expenses payable to other related parties	-	61,648
Financial expenses payable to third parties:		
Interest expenses and charges for the sale of receivables	710	-
Interest costs on employee benefits	23	11
Other third party interest and financial expenses	-	1
Total financial expenses payable to third parties	733	12
Total financial expenses	90,227	140,554

Financial expenses primarily included interest payable on a loan from Fiat Industrial Finance S.p.A. and on the overdraft on the current account also held with Fiat Industrial Finance S.p.A. The year-over-year comparison reflects, in 2011, expenses related to early repayment of a loan originally provided by Fiat Finance S.p.A. to Fiat S.p.A. that was subsequently transferred to Fiat Industrial S.p.A. at the time of the demerger.

6. Income taxes

A breakdown of taxes recognized in the income statement is provided below:

(€ thousand)	2012	2011
Current taxes:		
IRES	(14,405)	(35,121)
IRAP	-	-
Total current taxes	(14,405)	(35,121)
Deferred taxes for the period:		
IRAP	-	-
Total deferred taxes for the period	-	-
Taxes relating to prior periods	(177)	-
Total income taxes	(14,582)	(35,121)

Current IRES tax for 2012 consisted of €14,405 thousand in income, representing compensation receivable by Fiat Industrial S.p.A. for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Taxes relating to prior periods consisted of €177 thousand in income related to the prior year's domestic tax consolidation.

A reconciliation between theoretical income taxes determined on the basis of tax rates applicable in Italy and income taxes reported in the financial statements is as follows:

(€ thousand)	2012	2011
Theoretical income taxes	31,357	80,263
Tax effect of permanent differences	(59,887)	(117,563)
Deferred tax not recognized in previous periods	638	2,179
Theoretical tax benefit arising from tax loss carryforwards	13,487	-
Current and deferred income tax recognized in the financial statements, excluding IRAP	**(14,405)**	**(35,121)**
IRAP (current and deferred)	-	-
Current and deferred income tax recognized in the financial statements	**(14,405)**	**(35,121)**

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2012 and 2011) to the result before taxes. To facilitate a better understanding of the reconciliation between theoretical and reported income taxes, IRAP has been excluded, as it is calculated on a different tax base and would therefore generate distortions between one year and another.

For 2012, the permanent differences referred to above mainly include the impact of non-taxable dividends totaling €60,087 thousand (€117,563 thousand in 2011).

A breakdown of deferred tax liabilities, net of deferred tax assets, is provided in the following table:

(€ thousand)	At December 31, 2011	Recognized in income statement	Charged to equity	At December 31, 2012
Deferred tax assets arising from:				
Deductible costs	1,689	-	-	1,689
Taxed provisions and other minor differences	2,184	332	-	2,516
Total theoretical deferred tax assets	3,873	332	-	4,205
Deferred tax liabilities arising from:				
Others	(7)	(7)	-	(14)
Total theoretical net deferred tax assets	3,866	325	-	4,191
Theoretical tax benefit arising from tax loss carryforwards	5	13,482	-	13,487
Adjustments for assets whose recoverability is not probable	(3,871)	(13,807)	-	(17,678)
Total deferred tax assets, net	**-**	**-**	**-**	**-**

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences and tax loss carryforwards was totally written off, in consideration of the nature of the items and the tax treatment applicable.

The breakdown by year of expiry, as at December 31, 2012, of temporary differences (deductible and taxable) and tax losses, including those for which deferred tax assets have not been recognized, is as follows:

(€ thousand)	Total at December 31, 2012	Year of expiry 2013	2014	2015	2016	Beyond 2017 and non-expiring
Temporary differences and tax losses relating to IRES:						
Taxable temporary differences	(42)	-	-	-	-	42
Deductible temporary differences	15,287	(9,496)	(2,082)	(1,228)	(1,228)	(1,253)
Tax losses	49,045	-	-	-	-	(49,045)
Temporary differences and tax losses for which deferred tax assets have not been recognized	(64,290)	9,496	2,082	1,228	1,228	50,256
Temporary differences and tax losses subject to national taxation	-	-	-	-	-	-
Temporary differences relating to IRAP:						
Taxable temporary differences	(42)	-	-	-	-	42
Deductible temporary differences	25	-	-	-	-	(25)
Temporary differences and tax losses for which deferred tax assets have not been recognized	17	-	-	-	-	(17)
Temporary differences and tax losses subject to local taxation	-	-	-	-	-	-

7. Intangible assets

At December 31, 2012, intangible assets totaled €457 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2011	Increases	Amortization	(Decreases) and Other changes	At December 31, 2012
Concessions, licenses and similar rights					
Gross carrying amount	46	43	-	-	89
Accumulated amortization	(15)	-	(30)	-	(45)
Net carrying amount	31	43	(30)	-	44
Intangible assets in progress and advances					
Gross carrying amount	53	8	-	(23)	38
Goodwill					
Gross carrying amount	375	-	-	-	375
Total intangible assets	459	51	(30)	(23)	457

Concessions, licenses and similar rights includes the value of software, as well as costs incurred for development and registration of brands and trademarks owned by the Company, amortized over a 3-year period.

Intangible assets in progress and advances includes costs incurred for registration of Fiat Industrial trademarks still pending at year end.

Goodwill relates to the consideration paid in excess of book value of the assets, net of associated liabilities, of "Fiat Industrial Group Internal Audit" acquired in 2011.

Amortization on intangible assets is recognized in the income statement under other operating costs (Note 4).

8. Property, plant and equipment

At December 31, 2012, property, plant and equipment totaled €16 thousand and was subject to the following changes during the year:

(€ thousand)	At December 31, 2011	Increases	Depreciation	(Decreases) and Other changes	At December 31, 2012
Other tangible assets					
Gross carrying amount	20	-	-	-	20
Accumulated depreciation	(2)	-	(2)	-	(4)
Net carrying amount	18		(2)	-	16
Total property, plant and equipment					
Gross carrying amount	**20**		**-**	**-**	**20**
Accumulated depreciation	**(2)**		**(2)**	**-**	**(4)**
Net carrying amount	**18**		**(2)**	**-**	**16**

Other tangible assets consisted of office furniture and equipment.

At December 31, 2012, there were no contractual commitments of a material amount for purchases of property, plant and equipment or for assets in progress.

Depreciation of property, plant and equipment is recognized in the income statement under other operating costs (Note 4).

9. Equity Investments

At December 31, 2012, equity investments totaled €6,487,695 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2011	Increases	Decreases	Impairment (losses)/ reversals and Fair Value adjustments	At December 31, 2012
Investments in subsidiaries	5,777,496	710,095	-	-	**6,487,591**
Investments in other companies	104	-	-	-	**104**
Total investments	**5,777,600**	**710,095**	**-**	**-**	**6,487,695**

Investments in subsidiaries and changes during the year were as follows:

(€ thousand)	% interest	At December 31, 2011	Increases/ capital increases	Decreases	Impairment (losses)/ reversals	At December 31, 2012
Fiat Netherlands Holding N.V.	100.00	5,377,346	635,000			**6,012,346**
Gross carrying amount		5,377,346	635,000			6,012,346
Accumulated impairment losses		-				-
Iveco S.p.A.	100.00	200,000	75,000			**275,000**
Gross carrying amount		200,000	75,000			275,000
Accumulated impairment losses		-				-
FPT Industrial S.p.A.	100.00	100,000				**100,000**
Gross carrying amount		100,000				100,000
Accumulated impairment losses		-				-
Fiat Industrial Finance S.p.A.	100.00	100,000				**100,000**
Gross carrying amount		100,000				100,000
Accumulated impairment losses		-				-
New Industrial Business 1 S.r.l.	100.00	50				**50**
Gross carrying amount		50				50
Accumulated impairment losses		-				-
New Industrial Business 2 S.r.l.	100.00	50				**50**
Gross carrying amount		50				50
Accumulated impairment losses		-				-
New Industrial Business 3 S.r.l.	100.00	50				**50**
Gross carrying amount		50				50
Accumulated impairment losses		-				-
F.I. Holding N.V.	100.00	-	45			**45**
Gross carrying amount		-	45			45
Accumulated impairment losses		-				-
FI CBM Holdings N.V.	100.00	-	50			**50**
Gross carrying amount		-	50			50
Accumulated impairment losses		-				-
Total investments in subsidiaries		**5,777,496**	**710,095**			**6,487,591**
Gross carrying amount		5,777,496	710,095			6,487,591
Accumulated impairment losses		-	-			-

Significant changes to investments in subsidiaries during the year were as follows:

- capital contributions of €635 million to Fiat Netherlands Holding N.V. in April and €75 million to Iveco S.p.A. in December to strengthen their capital base
- establishment of two wholly-owned subsidiaries – F.I. Holding N.V. (with share capital of €45 thousand) and FI CBM Holdings N.V. (with share of capital €50 thousand) in preparation for future transactions

In relation to the major investees (Fiat Netherlands Holding N.V., Iveco S.p.A., FPT Industrial S.p.A. and Fiat Industrial Finance S.p.A.), there were no indications of impairment. Additional information is provided in the "Use of estimates" section.

There were no investments in other companies in relation to whose obligations Fiat Industrial S.p.A. had unlimited liability under Article 2361 (2) of the Civil Code.

A full list of investments with the additional disclosures required by Consob Communication DEM/6064293 of July 28, 2006 is attached.

At December 31, 2012, none of the Company's equity investments had been pledged as security in relation to financial or contingent liabilities.

10. Other financial assets

The breakdown of other financial assets was as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Fees receivable for guarantees given	11,359	6,207	5,152
Total other financial assets	**11,359**	**6,207**	**5,152**

Fees receivable for guarantees given represent the present value of fees to be received in future years for guarantees issued by the Company in relation to loans received by Group companies.

By maturity, other financial assets were as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011
Other financial assets:		
due within one year	2,435	1,216
due after one year but within five years	8,866	4,620
due beyond five years	58	371
Total	**11,359**	**6,207**

11. Trade receivables

At December 31, 2012, trade receivables totaled €3,346 thousand, a net increase of €3,026 thousand over year-end 2011, and included the following:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Intercompany trade receivables	3,346	311	3,035
Trade receivables from other related parties	-	9	(9)
Total trade receivables	**3,346**	**320**	**3,026**

Intercompany trade receivables includes miscellaneous items receivable from other Group companies.

The carrying amount of trade receivables is deemed to approximate their fair value.

All trade receivables are due within one year and there are no significant overdue balances.

12. Current financial receivables

At December 31, 2012, there were no current financial receivables.

13. Other current receivables

At December 31, 2012, other current receivables amounted to €100,132 thousand, a net increase of €18,731 thousand compared to December 31, 2011 and consisted of the following:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Receivables from Group companies for consolidated IRES tax	34,125	79,761	(45,636)
VAT receivables	62,523	300	62,223
IRES tax receivables	1,349	980	369
Other receivables from other related parties	208	47	161
Other	1,927	313	1,614
Total other current receivables	100,132	81,401	18,731

Receivables from Group companies for consolidated IRES tax relates to tax calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program.

VAT receivables essentially relates to VAT credits for Italian subsidiaries participating in the VAT tax consolidation.

IRES tax receivables includes credits transferred to Fiat Industrial S.p.A. by Italian subsidiaries participating in the domestic tax consolidation program for 2012 and 2011.

The items other receivables from other related parties and other consist of miscellaneous amounts receivable.

The carrying amount of other current receivables is deemed to approximate their fair value.

Other current receivables are almost entirely due within one year.

14. Cash and cash equivalents

At December 31, 2012, cash and cash equivalents totaled €3 thousand and represented amounts held in euro-denominated current accounts (on demand). The carrying amount of cash and cash equivalents is deemed to be in line with their fair value.

Credit risk associated with cash and cash equivalents is considered limited as the counterparties are leading national and international banks.

15. Equity

At December 31, 2012, equity totaled €3,972,503 thousand, a decrease of €104,950 thousand over year-end 2011 primarily attributable to dividend payments of €239,689 thousand (€0.185 per ordinary and preference share and €0.2315 per savings share outstanding at the dividend date) and profit for the year of €128,609 thousand.

Share capital

Share capital totaled €1,919,433 thousand (fully paid) at December 31, 2012, an increase of €6,134 thousand over December 31, 2011 resulting from the mandatory conversion of all preference shares (103,292,310) and savings shares (79,912,800) into 130,241,397 newly-issued ordinary shares.

(no. of shares)	At December 31, 2012	At December 31, 2011
Shares issued and fully paid		
Ordinary shares	1,222,568,882	1,092,327,485
Preference shares	-	103,292,310
Savings shares	-	79,912,800
Total shares issued	**1,222,568,882**	**1,275,532,595**

Each share confers the right to participate pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up. Each share also confers the right to vote, without restrictions.

Reported net profit for the year is allocated as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equivalent to one-fifth of share capital
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations that Shareholders may approve
- to each share, distribution of any remaining profit that Shareholders may approve

Where the Board of Directors deems appropriate in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

In the event of a winding-up, the Company's assets shall be distributed in an equal pro rata amount to all shares.

On May 21, 2012 – in implementation of the Shareholder resolution of April 5, 2012 – the Company completed the mandatory conversion of all 103,292,310 preference shares and 79,912,800 saving shares into 130,241,397 ordinary shares, having the same characteristics as those already in issue and accruing dividend rights from January 1, 2012. The exchange ratios for the conversion were 0.700 ordinary shares per preference share and 0.725 ordinary shares per savings share. The mandatory conversion was also approved at the special meetings of shareholders on April 3, 2012. In accordance with Article 2437-*quater* of the Civil Code, holders of preference and savings shares who did not vote in favor of the relative motions had the right of withdrawal. The applicable redemption value was €4.156 per preference share and €4.336 per savings share and the withdrawal right had to be exercised by April 28, 2012, i.e., 15 days from registration of the relevant resolutions with the Companies Register. Conversion was conditional upon the aggregate cash amount payable to withdrawing shareholders not exceeding €56 million for preference shares and €44 million for savings shares. Upon expiry of the withdrawal exercise period, applications for withdrawal had been received in relation to 12,476 preference shares (total value: €51,850) and 23,664 saving shares (total value: €102,607), resulting in fulfillment of the conditions precedent to the conversion.

Following is a reconciliation between the number of shares outstanding at December 31, 2010 and at December 31, 2012:

(shares in thousands)	At December 31, 2010	Capital increase	(Purchases)/ sales of own shares	At December 31, 2011	Conversion of preference and savings shares (May 22, 2012)	(Purchases)/ sales of own shares	At December 31, 2012
Ordinary shares issued	80	1,092,248	-	1,092,328	130,241	-	**1,222,569**
Less: Own shares	-	-	-	-	-	(9)	**(9)**
Ordinary shares outstanding	80	1,092,248	-	1,092,328	130,241	(9)	**1,222,560**
Preference shares issued	-	103,292	-	103,292	(103,292)	-	**-**
Less: Own shares	-	-	-	-	-	-	**-**
Preference shares outstanding	-	103,292	-	103,292	(103,292)	-	**-**
Savings shares issued	-	79,913	-	79,913	(79,913)	-	**-**
Less: Own shares	-	-	-	-	-	-	**-**
Savings shares outstanding	-	79,913	-	79,913	(79,913)	-	**-**
Total shares issued by Fiat Industrial S.p.A.	**80**	**1,275,453**	**-**	**1,275,533**	**(52,964)**	**-**	**1,222,569**
Less: Own shares	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Total Fiat Industrial S.p.A. shares outstanding	**80**	**1,275,453**	**-**	**1,275,533**	**(52,964)**	**(9)**	**1,222,560**

Capital management

Italian regulations regarding share capital and reserves for a joint stock corporation establish the following:

- The minimum permitted share capital is €120,000.
- Any change in the amount of share capital must be approved by Shareholders, who may authorize the Board of Directors, for a maximum period of five years, to increase share capital up to a predetermined amount. Shareholders are also required to adopt suitable measures when share capital decreases by more than one third as the result of verified losses and reduce share capital if, by the end of the following financial year, those losses have not been reduced to less than one-third of share capital. If a loss of more than one-third of share capital results in share capital falling below the legal minimum, Shareholders must approve the decrease and a simultaneous increase in share capital to an amount not less than the legal minimum or change the company's legal form.
- As mentioned above, the right to participate in a company's profits is established in the by-laws.
- A share premium reserve is established if a company issues shares at a price above their par value. This reserve is not distributable until the legal reserve has reached one-fifth of share capital.
- A company may not purchase own shares for an amount exceeding distributable profits and available reserves reported in its latest approved financial statements. Purchases must be approved by Shareholders and in no case may the par value of the shares acquired exceed one-fifth of share capital.

Following completion of the Demerger, the Group announced that for the 2011 financial year the dividend policy would consist of an expected distribution of 25% of consolidated profit, with a minimum payout of €100 million, and that the Board of Directors would formulate a dividend policy for subsequent financial periods. On April 5, 2012, Shareholders approved the proposal of the Board of Directors for distribution of a total dividend of €240 million, as follows:

- €0.185 per ordinary share, representing a total of €202.1 million
- €0.185 per preference share, representing a total of €19.1 million
- €0.2315 per savings share, representing a total of €18.5 million

On February 1, 2012, the Board of Directors also reviewed options relating to its dividend policy. In view of the consistent performance of the businesses and the substantial cash generation capabilities of the Group, it is of the view that Fiat Industrial could distribute between 25% and 35% of its consolidated net income for any one year, with a minimum payout in normal circumstances of €150 million.

The Group's stated objectives for capital management are to create value for shareholders as a whole, to ensure business continuity and to support the growth of the Group. Accordingly, the Group intends to maintain an adequate level of capital that enables it to achieve a satisfactory economic return for shareholders, as well as ensuring access to affordable sources of external financing (including through the achievement of an adequate rating).

The Group constantly monitors its debt-equity balance, particularly in relation to the level of net debt and the level of cash generated from the Group's industrial activities.

To achieve those objectives, the Group aims at continuous improvement in the profitability of its business activities. In addition, it may sell assets to reduce the level of debt, or the Board of Directors may propose a capital increase or reduction to Shareholders or, where permitted by law, a distribution of reserves. The Group may also repurchase its own shares, within the limits approved by Shareholders, compatible with the objectives of financial equilibrium and an improvement in credit rating.

The term capital is used to refer to both the value contributed by shareholders (share capital and share premium totaling €2,375,564 thousand at December 31, 2012, unchanged over December 31, 2011), and the value generated by Fiat Industrial S.p.A. in terms of results achieved (retained profit and other reserves, before allocation of profit for the year, totaling €1,597,005 thousand at December 31, 2012 and €1,701,889 thousand at December 31, 2011).

Share premium reserve

At December 31, 2012, the share premium reserve totaled €456,131 thousand, a decrease of €6,134 thousand over December 31, 2011 following the transfer to share capital associated with the mandatory conversion that took effect on May 21, 2012.

Legal reserve

At December 31, 2012, this reserve totaled €231,287 thousand, an increase of €16,350 thousand over December 31, 2011, following the allocation of 2011 profit approved by Shareholders on April 5, 2012.

Reserve available for the purchase of own shares

At December 31, 2012, the reserve available for the purchase of own shares totaled €499,934 thousand, a decrease of €500,066 thousand over December 31, 2011.

This reserve was created through a transfer from the retained profit reserve, following Shareholder authorization given on December 20, 2010 for the purchase of a maximum number of shares not to exceed the legally established percentage of share capital or a total of €1 billion. On April 5, 2012, the authorization was renewed for a maximum amount of €500 million.

The reduction over the previous authorized amount resulted in a €500 million decrease in the reserve available for the purchase of own shares (previously established at €1 billion) and an associated €500 million increase in the retained profit reserve.

The authorization does not constitute an obligation for the Company to repurchase shares. The buy-back authorization is valid for a period of 18 months from April 5, 2012, and any buy-backs must be executed in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana on the date prior to the purchase, with the exception of shares purchased from shareholders exercising the right of withdrawal in relation to which the price established under Article 2437-*ter* of the Civil Code shall apply.

At December 31, 2012, Fiat Industrial S.p.A. held 8,528 own shares with a total value of €66 thousand as a result of cash payments to shareholders for any fractions of ordinary shares to which they were entitled in relation to the mandatory conversion of their preference and/or savings shares.

Reserve for own shares

This reserve is subject to certain restrictions imposed by Article 2357-*ter* of the Civil Code. The increase reflects transfers from the reserve available for the purchase of own shares associated with disbursements, by the Company, for the fractions of ordinary shares resulting from the mandatory conversion of all preference and savings shares into ordinary shares. At December 31, 2012, the reserve totaled €66 thousand.

Retained profit/(loss)

At December 31, 2012, retained profit totaled €730,913 thousand, an increase of €570,949 thousand over December 31, 2011 resulting from the transfer of €500,000 thousand from the Reserve available for the purchase of own shares (as described above) and allocation of 2011 profit (after dividends and allocation to the legal reserve) approved by Shareholders on April 5, 2012.

Stock grant reserve

At December 31, 2012, the stock grant reserve totaled €6,196 thousand, compared to zero at December 31, 2011. The increase related to the notional cost recognized through the income statement associated with the grant of Fiat Industrial S.p.A. shares awarded to the Chairman and approved by Shareholders on April 5, 2012.

Own shares

On April 5, 2012, Shareholders renewed authorization for the purchase and disposal of own shares, including through subsidiary companies. The authorization related to a maximum number of shares not to exceed the legally established percentage of share capital or an aggregate amount of €0.5 billion. Shares repurchased under the authorization may be used to service the long-term equity-based incentive plan approved by Shareholders on April 5, 2012, as well as for any other purposes permitted by law. The authorization does not constitute an obligation for the Company to repurchase shares and is valid for a period of 18 months from April 5, 2012. Share buy-backs are to be executed in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana for the trading day prior to purchase.

At December 31, 2012, the Company held a total of 8,528 ordinary shares having a value of €66 thousand, representing 0.0007% of share capital with total par value of €13 thousand. Those shares result from cash payments to shareholders for fractions of ordinary shares to which they were entitled in relation to the mandatory conversion of their preference and/or savings shares.

Whenever the Company has the intention to repurchase shares, details of the repurchase program will, in accordance with applicable regulations, be publicly disclosed in advance and all repurchases reported on a daily basis to the market and relevant supervisory authorities.

Share-based compensation

At December 31, 2012, Fiat Industrial S.p.A. had a share-based compensation plan in place for the Chairman.

Stock grant plans based on Fiat Industrial S.p.A. ordinary shares

On April 5, 2012, Shareholders approved adoption of a Long Term Incentive Plan, which took the form of a stock grant plan with a performance component (Company Performance LTI) and a retention component (Retention LTI).

Under that plan, the Chairman was granted 1 million rights related to the Company Performance LTI and 1.1 million rights related to the Retention LTI.

For the Retention LTI, one third of the rights vest on February 22, 2013, February 22, 2014 and February 22, 2015, provided that Mr. Marchionne remains in office as Chairman.

The rights to the Company Performance LTI will vest on condition that predetermined financial performance targets for the period from January 1, 2012 to December 31, 2014 are met and that the beneficiary remains Chairman up to the date of approval of the 2014 consolidated financial statements by the Board of Directors. The rights will be exercisable in a single tranche subsequent to the date of approval of the 2014 consolidated financial statements by the Board of Directors.

It is intended that the Plan will be serviced with treasury shares and, therefore, will not require the issue of new shares. Additionally, the Company may substitute the free granting of shares, in whole or in part, by payment of a cash amount based on the official share price reported by Borsa Italiana at the vesting date.

At December 31, 2012, the contractual terms of the Long Term Incentive Plan were as follows:

Plan	Beneficiary	Number of Shares	Vesting date	Vesting portion
Company Performance LTI	Chairman	1,000,000	1st Quarter 2015 (*)	1,000,000
Retention LTI	Chairman	1,100,000	February 22, 2013	366,667
			February 22, 2014	366,667
			February 22, 2015	366,666

(*) Upon approval of the prior year's consolidated financial statements

The following table reflects share activity under the Company Performance LTI:

	2012	
	Number of shares	Weighted average grant date fair value (€)
Non-vested at beginning of year	-	
Granted	1,000,000	7.795
Forfeited	-	
Vested	-	
Non-vested at end of year	**1,000,000**	**7.795**

Changes in the Retention LTI during 2012 were as follows:

	2012	
	Number of shares	Weighted average grant date fair value (€)
Non-vested at beginning of year	-	
Granted	1,100,000	7.795
Forfeited	-	
Vested	-	
Non-vested at end of year	**1,100,000**	**7.795**

The total cost recognized in 2012 for share-based incentive plans linked to Fiat Industrial S.p.A. ordinary shares was €6,196 thousand.

Availability of principal components of equity for use

(€ thousand)	At December 31, 2012	Possible use	Amount available
Share capital	1,919,433		
Reserves:			
Share premium reserve	456,131	A,B,C (*)	456,131
Legal reserve	231,287	B	-
Reserve available for the purchase of own shares	499,934	A,B,C	499,934
Reserve for own shares	66	-	-
Retained profit	730,913	A,B,C	730,913

Key:
A: capital increase
B: coverage of losses
C: dividend
(*) Fully available to increase capital and cover losses. Any other use requires increase of the legal reserve to 20% of share capital (including through transfer from the share premium reserve). At December 31, 2012, the required increase would have been €152,600 thousand

16. Provisions for employee benefits and other non-current provisions

On December 31, 2012, this item totaled €1,240 thousand, representing a €446 thousand decrease over December 31, 2011, and consisted of the following:

(€ thousand)	At December 31, 2011	Accruals	Utilizations	Other changes	At December 31, 2012
Provisions for employee benefits and similar	1,386	182	(39)	(289)	**1,240**
Other non-current provisions	300	-	(300)	-	**-**
Total provisions for employee benefits and other non-current provisions	**1,686**	**182**	**(339)**	**(289)**	**1,240**

Other changes mainly consists of provisions related to employees transferred from Fiat Industrial S.p.A. to other companies in Fiat Group or Fiat Industrial Group during 2012.

Provisions for employee benefits and similar

The Company provides post-employment benefits to employees, either directly or through contributions to independently administered funds.

Those benefits are generally based on individual compensation and length of service. Existing obligations relate to both active employees and retirees and include both defined contribution and defined benefit plans.

In relation to defined contribution plans, the Company pays contributions to publicly or privately-administered pension institutions on the basis of legal and contractual obligations, as well as on a voluntary basis. Once those contributions have been made, the Company has no further obligation. Liabilities for contributions due but unpaid at the balance sheet date are included under other debt (see Note 21). The cost for the period is based on services rendered by the employee for the period and recognized under personnel costs (see Note 3).

For defined benefit plans, the liability is determined on an actuarial basis, using the Projected Unit Credit Method. Any resulting actuarial gains and losses are accounted for using the corridor approach.

Finally, the Company also grants certain other deferred benefits to employees, which are generally paid when the employee has completed a pre-determined length of service. Measurement of the related obligation reflects the probability of payment and the period over which the benefit will be paid. Provisions for those obligations are calculated on an actuarial basis using the Projected Unit Credit Method. The corridor approach is not applied for actuarial gains and losses related to such obligations.

Changes in provisions for employee benefits during the year were as follows:

(€ thousand)	At December 31, 2011	Accruals	Utilizations	Other changes	At December 31, 20112
Post-employment benefits:					
Leaving entitlement (TFR)	950	23	(29)	(32)	912
Other	41	3	-	(1)	43
Total post-employment benefits	**991**	**26**	**(29)**	**(33)**	**955**
Other long-term employee benefits	395	156	(10)	(256)	285
Total provisions for employee benefits and similar	**1,386**	**182**	**(39)**	**(289)**	**1,240**

Calculations for post-employment benefits and other long-term employee benefits are based on the following actuarial assumptions:

	At December 31, 2012	At December 31, 2011
Discount rate	3.29%	4.18%
Rate of future salary increases	1.95%	1.73%
Inflation rate	2.00%	2.00%
Maximum retirement age	As per current legislation	Age: 60 (F) - 65 (M)
Mortality rate	SI08	SI08
Average annual rate of departures	6.84%	8.41%

Provisions for employee benefits and similar relate to the following:

Leaving entitlement (TFR)

The provision for leaving entitlements (TFR) represents the Company's obligation under Italian law (amended by Law 296/06) accrued prior to January 1, 2007 which is paid when the employee leaves the Company. In certain circumstances, a portion of the benefit may be advanced while the individual remains in the Company's employ. This is an unfunded defined benefit plan, as, for the most part, the benefits recognized have already been earned, with the sole exception of future revaluations.

Other

The item other includes post-employment benefits payable under supplemental or individual agreements. Such schemes are unfunded.

Other long-term employee benefits

This item mainly includes benefits which are due to employees who have completed a determined length of service.

At December 31, 2012 and 2011, post-employment benefits consisted of the following:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	At December 31, 2012	At December 31, 2011	At December 31, 2012	At December 31, 2011	At December 31, 2012	At December 31, 2011
Present value of unfunded defined benefit plan obligations	896	930	42	35	938	965
Unrecognized actuarial gains/(losses)	16	20	1	6	17	26
Net liability	912	950	43	41	955	991

Amounts recognized in the income statement for post-employment benefits were as follows:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	2012	2011	2012	2011	2012	2011
Service cost:						
Current service cost	-	-	3	2	3	2
Net actuarial (gains)/losses recognized during the year	-	-	-	-	-	-
Total service cost	-	-	3	2	3	2
Interest costs	23	11	-	-	23	11
Total cost/(return) for post-employment benefits	23	11	3	2	26	13

The items current service cost and net actuarial (gains)/losses recognized during the year are included in the income statement under personnel costs (see Note 3), when they relate to employees.

Associated interest costs are recognized in the income statement under financial income/(expenses) (see Note 5).

Changes in the present value of post-employment benefit obligations are as follows:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	2012	2011	2012	2011	2012	2011
Present value of obligation at beginning of year	930	-	35	-	965	-
Current service cost	-	-	3	2	3	2
Interest costs	23	11	-	-	23	11
Actuarial (gains)/losses arising during the year	73	(69)	1	(6)	74	(75)
Benefits paid	(43)	(13)	-	-	(43)	(13)
Other changes	(87)	1,001	3	39	(84)	1,040
Present value of obligation at year end	896	930	42	35	938	965

The present value of defined benefit obligations at December 31, 2012 and 2011 is as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011
Present value of obligation at year end:		
Leaving entitlement (TFR)	896	930
Other	42	35
Total	938	965

Gains and losses arising from differences between actuarial assumptions made at the beginning of the period and the actual experience during the period are as follows:

(€ thousand)	2012	2011
Experience adjustments:		
Leaving entitlement (TFR)	44	(69)
Other	1	(6)
Total effect on present value of obligation	45	(75)

Other non-current provisions

At December 31, 2011, other non-current provisions represented the actuarial estimate of the Company's pro rata share of the cost of an additional severance amount for the Chairman. During 2012, the amount was paid to Fiat S.p.A. which will be responsible for payment to the Chairman at the end of his mandate.

17. Non-current debt

At December 31, 2012 non-current debt totaled €11,359 thousand, representing a €5,152 thousand increase over December 31, 2011, and included the following:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Financial guarantees	11,359	6,207	5,152
Total non-current debt	11,359	6,207	5,152

The item financial guarantees represents the fair value of liabilities assumed in relation to guarantees issued. Following an assessment of potential risks requiring recognition of contingent liabilities and given that those liabilities essentially related to guarantees provided on loans to Group companies, the present value of fees receivable (see Note 10 - Other financial assets) is considered the best estimate of the fair value of those guarantees.

The breakdown of non-current debt by due date is as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011
Non-current debt:		
due within one year	**2,435**	1,216
due after one year but within five years	**8,866**	4,620
due beyond five years	**58**	371
Total	**11,359**	**6,207**

18. Provisions for employee benefits and other current provisions

At December 31, 2012, this item totaled €1,651 thousand, a €4,016 thousand decrease over year-end 2011, and consisted primarily of provisions for annual performance bonuses.

19. Trade payables

At December 31, 2012, trade payables totaled €9,051 thousand, representing a net increase of €4,872 thousand over December 31, 2011, and consisted of the following:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Trade payables to third parties	**6,745**	3,167	3,578
Trade payables to other related parties	**2,010**	850	1,160
Intercompany trade payables	**296**	162	134
Total trade payables	**9,051**	**4,179**	**4,872**

Trade payables to third parties primarily relate to amounts payable and approved invoices not yet received for non-recurring items relating to the proposed merger transaction.

Trade payables to other related parties include payables for goods and services.

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

20. Current debt

At December 31, 2012, current debt totaled €2,534,901 thousand, an €815,359 thousand increase over December 31, 2011 and related to:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Intercompany debt:			
Current account with Fiat Industrial Finance S.p.A.	**2,534,901**	669,149	1,865,752
Loans from Fiat Industrial Finance S.p.A.	**-**	1,050,000	(1,050,000)
Accrued interest expense	**-**	393	(393)
Total intercompany debt	**2,534,901**	1,719,542	815,359
Total current debt	**2,534,901**	**1,719,542**	**815,359**

Intercompany debt consists of an overdraft on the current account held with Fiat Industrial Finance S.p.A.

The change over year-end 2011 primarily related to repayment at maturity of a €1,050,000 thousand variable rate loan received on January 24, 2011.

Current debt is denominated in euros. The carrying amounts of those liabilities are deemed to be in line with their fair value.

21. Other debt

At December 31, 2012, other debt totaled €72,303 thousand, a net increase of €21,032 thousand over December 31, 2011, and included the following:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Other debt:			
Intercompany debt:			
Consolidated IRES tax	**20,091**	45,198	(25,107)
Consolidated VAT	**46,994**	-	46,994
Other	**65**	-	65
Total intercompany debt	**67,150**	45,198	21,952
Debt payable to other related parties:			
Other	**1,566**	1,993	(427)
Total debt payable to other related parties	**1,566**	1,993	(427)
Social security payables	**466**	590	(124)
Current amounts payable to employees, directors and statutory auditors	**1,406**	2,420	(1,014)
Other	**554**	58	496
Total other debt	**71,142**	**50,259**	**20,883**
Taxes payable:			
Taxes withheld on payments to employees and independent contractors	**658**	431	227
IRES tax payable under domestic tax consolidation	**-**	581	(581)
VAT payables	**503**	-	503
Total taxes payable	**1,161**	**1,012**	**149**
Total other debt	**72,303**	**51,271**	**21,032**

At December 31, 2012, intercompany debt for consolidated VAT of €46,994 thousand consisted of VAT credits of Italian subsidiaries transferred to Fiat Industrial S.p.A. as part of the consolidated VAT regime.

Intercompany debt for consolidated IRES tax of €20,091 thousand (€45,198 thousand at December 31, 2011) consisted of compensation payable for tax losses and IRES tax credits contributed by Italian subsidiaries participating in the domestic tax consolidation program for 2012 in relation to which Fiat Industrial is the consolidating entity.

Debt payable to other related parties principally include the payable to Fiat S.p.A. in relation to employees transferred at year-end.

Other debt and taxes payable are all due within one year and their carrying amount is deemed to approximate their fair value.

22. Guarantees, commitments and contingent liabilities

Guarantees issued

The breakdown of outstanding guarantees is as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Guarantees issued			
Other guarantees:			
on behalf of Group companies	**5,353,339**	4,414,823	938,516
on behalf of third parties	**-**	-	-
Total other guarantees	**5,353,339**	4,414,823	938,516
Total guarantees issued	**5,353,339**	**4,414,823**	**938,516**

Other guarantees

At December 31, 2012, other guarantees totaled €5,353,339 thousand, increasing €938,516 thousand over December 31, 2011.

All guarantees were issued on behalf of Group companies and consisted of the following:

- €978,791 thousand, of which €628,791 thousand related to loans issued to Banco CNH Capital S.A. from Banco Nacional de Desenvolvimento Econòmico e Social (BNDES) and Agència Especial de Financiamento Industrial (FINAME), and €350,000 thousand related to loans issued to Fiat Industrial Finance S.p.A.
- €2,200,000 thousand for two bonds (due 2015 and 2018) issued by Fiat Industrial Finance Europe S.A. under the Global Medium Term Note program
- €2,027,661 thousand for credit facilities issued to Fiat Industrial Finance Europe S.A. (€1,487,429 thousand), Fiat Industrial Finance S.p.A. (€330,000 thousand), Fiat Industrial Finance North America Inc. (€57,396 thousand), Iveco Finanziaria S.p.A. (€100,456 thousand), CNH Capital Australia PTY Ltd. (€47,199 thousand) and Fiat Powertrain Technologies Management (Shanghai) Co. Ltd. (€5,181 thousand)
- €112,959 thousand for payment obligations related to excess VAT credits of the direct and indirect subsidiaries of Fiat Industrial S.p.A., in addition to other guarantees of €33,928 thousand

At December 31, 2012 there were no guarantees outstanding on behalf of third parties.

Commitments

During 2012, Fiat Industrial S.p.A. gave a commitment to issue guarantees on behalf of the subsidiary Iveco S.p.A. in relation to a potential supply contract for which it has tendered a bid. The value of that commitment is €80 million.

Contingent liabilities

Fiat Industrial S.p.A. directly or indirectly through its subsidiaries is party to various legal disputes and lawsuits. Disbursements relating to current or future legal proceedings cannot be predicted with certainty. At December 31, 2012 contingent liabilities for the Group were estimated to be equivalent to around €39 million (approximately €41 million at December 31, 2011). No provisions have been recognized in relation to those liabilities as it is considered improbable that they will result in an outflow of resources.

Under Italian law, following the Demerger Fiat Industrial continues to be liable jointly with Fiat S.p.A. for payables of Fiat S.p.A. that arose prior to the effective date of the Demerger (January 1, 2011) and were still outstanding at that date. This statutory liability is limited to the value of the net assets attributed to Fiat Industrial through the Demerger and will survive until the liabilities of Fiat existing at the Demerger date are satisfied. At the effective date of the Demerger, Fiat S.p.A. had outstanding bonds and other debt totaling approximately €15 billion, of which €9 billion consisted of bonds. At the date of this report, those liabilities had decreased to approximately €4.6 billion, of which €3.8 billion consisted of bonds. Furthermore, Fiat Industrial may be responsible jointly with Fiat in relation to tax payables, even if such liabilities exceed the value of the net assets transferred to Fiat Industrial through the Demerger. Those potential liabilities, as for all other liabilities of Fiat Industrial, will be assumed by the company that becomes successor to Fiat Industrial following the Merger. Fiat Industrial considers the risk of Fiat S.p.A. becoming insolvent extremely remote and, therefore, no specific provision has been accrued in respect of the above mentioned joint liabilities.

Sale of Receivables

Fiat Industrial S.p.A. sold, on a non-recourse basis, €75 million in receivables due subsequent to December 31, 2012. Those tax receivables related to VAT amounts for which the Company has requested reimbursement.

23. Information on financial risks

Fiat Industrial S.p.A. measures and manages financial risks in accordance with Group policy.

The major categories of risk to which the Company is exposed are set out below.

Credit risk

At December 31, 2012 Fiat Industrial S.p.A.'s maximum nominal credit exposure consisted of the carrying amounts of financial assets and the nominal value of guarantees issued (as discussed in Note 22).

Amounts receivable at the balance sheet date were essentially due from Group companies and tax authorities.

Guarantees issued were mainly on behalf of Group companies.

At December 31, 2012, there were no significant amounts past due.

Liquidity risk

Liquidity risk arises if the Company is unable to obtain, at economically viable terms, the funding needed to carry out its activities.

Fiat Industrial S.p.A. participates in the Group's centralized treasury management and, as a result, the liquidity risk to which it is exposed is strictly correlated to that of the Group as a whole.

The two principal factors determining the Group's liquidity position are, on one side, the cash generated by or used in operating and investing activities and, on the other, the maturity and renewal profile of debt and invested liquidity and prevailing market conditions.

Fiat Industrial Group has adopted a series of policies and procedures (consistent with those adopted by Fiat Group) to optimize management of financial resources and to reduce liquidity risk by:

- centralizing management of collections and payments, where it may be economically beneficial in relation to the legal and tax environment and currency conditions in countries where it is present
- maintaining an adequate level of available liquidity
- diversifying sources of funding and maintaining a continuous and active presence in the capital markets
- obtaining adequate credit lines, and
- monitoring future liquidity based on corporate planning

Management believes that the funding currently available, in addition to cash generated by operating and financing activities, will enable Fiat Industrial S.p.A. to meet the requirements of its investing activities and working capital needs and to meet its scheduled debt repayment obligations.

Currency risk

At December 31, 2012 Fiat Industrial S.p.A. had no significant receivable, payable or derivative positions that were exposed to currency risk.

Interest rate risk

Fiat Industrial S.p.A. satisfies its financing requirements through the Group's system of centralized treasury management.

In particular, current debt primarily consists of loans and other amounts payable to Fiat Industrial Finance S.p.A. (as described in Note 20). The cost of these positions is affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would have led to pre-tax net financial expenses being approximately €0.5 million higher on an annualized basis.

Other risks relating to derivative financial instruments

Fiat Industrial S.p.A. does not hold any derivative financial instruments.

24. Intercompany and related-party transactions

For Fiat Industrial S.p.A., intercompany and related-party transactions primarily consist of transactions with companies it directly or indirectly controls and with companies forming part of Exor Group (including companies of Fiat Group). Related parties also include members of the Boards of Directors and Statutory Auditors and executives with strategic responsibilities of Fiat Industrial Group and their immediate family members.

Intercompany and related-party transactions are conducted at standard market terms for the nature of goods or services involved.

Intercompany and related-party transactions are conducted at standard market terms for the nature of goods or services involved. The effects of these transactions on individual line items in the 2012 and 2011 financial statements are summarized in the following tables:

Counterparty	Other operating income		Personnel costs		Other operating costs		Financial income/ (expenses)	
(€ thousand)	2012	2011	2012	2011	2012	2011	2012	2011
Iveco S.p.A.	**6,381**	4,540	**-**	-	**41**	83	**26**	42
FPT Industrial S.p.A.	**1,805**	900	**-**	-	**46**	-	**1**	5
Fiat Industrial Finance S.p.A.	**211**	147	**-**	-	**807**	977	**(86,711)**	(78,672)
CNH Italia S.p.A.	**5,583**	3,694	**-**	-	**185**	18	**-**	14
Fiat Industrial Finance Europe S.A.	**150**	150	**-**	-	**-**	-	**1,288**	1,221
Fiat Netherlands Holding N.V.	**1,398**	28	**-**	-	**-**	-	**-**	-
Iveco Finanziaria S.p.A.	**120**	35	**-**	-	**-**	-	**(1,739)**	-
CNH Global N.V.	**1,158**	236	**-**	-	**-**	-	**422**	-
Fiat Industrial Finance North America Inc.	**-**	-	**-**	-	**-**	-	**24**	58
CNH America LLC	**-**	-	**-**	-	**344**	183	**-**	-
CNH International S.A.	**-**	-	**-**	-	**182**	140	**-**	-
Iveco Partecipazioni Finanziarie S.r.l.	**-**	-	**-**	-	**-**	-	**(64)**	-
Other Group companies	**11**	-	**-**	-	**-**	-	**-**	2
Total Group companies	**16,817**	**9,730**	**-**	-	**1,605**	**1,401**	**(86,753)**	**(77,330)**
Other related parties	**269**	-	**4,154**	2,654	**16,548**	8,900	**-**	(61,643)
Total Group companies and other related parties	**17,086**	**9,730**	**4,154**	**2,654**	**18,513**	**10,301**	**(86,753)**	**(138,973)**
Total	**17,089**	9,943	**11,285**	10,526	**34,395**	18,562	**(87,382)**	(138,988)
% total line item	**100%**	**98%**	**37%**	**25%**	**53%**	**55%**	**99%**	**100%**

December 31, 2012

Counterparty (€ thousand)	Other financial assets	Trade receivables	Other current receivables	Non-current employee provisions	Non-current debt	Trade payables	Current debt	Other debt
Iveco S.p.A.	-	820	-	-	-	49	-	-
FPT Industrial S.p.A.	-	332	-	-	-	56	-	-
Fiat Industrial Finance S.p.A.	-	30	-	-	-	-	2,534,901	-
Fiat Industrial Finance North America Inc.	-	-	-	-	-	-	-	-
CNH America LLC	-	-	-	-	-	143	-	-
CNH International S.A.	-	-	-	-	-	45	-	-
CNH Italia S.p.A.	-	569	-	-	-	3	-	-
Iveco Finanziaria S.p.A.	-	145	-	-	-	-	-	-
FNH N.V.	-	848	-	-	-	-	-	-
CNH Global N.V.	-	598	-	-	-	-	-	-
F.I. Holding N.V.	-	4	-	-	-	-	-	-
Iveco Partecipazioni Finanziarie S.r.l.	-	-	223	-	-	-	-	65
IRES tax consolidation	-	-	34,125	-	-	-	-	20,091
VAT consolidation	-	-	-	-	-	-	-	46,994
Financial guarantees	11,359	-	-	-	11,359	-	-	-
Total Group companies	**11,359**	**3,346**	**34,348**	**-**	**11,359**	**296**	**2,534,901**	**67,150**
Other related parties	-	-	208	235	-	2,010	-	2,471
Total Group companies and other related parties	**11,359**	**3,346**	**34,556**	**235**	**11,359**	**2,306**	**2,534,901**	**69,621**
Total	11,359	3,346	100,132	1,240	11,359	9,051	2,534,901	72,303
% total line item	**100%**	**100%**	**35%**	**19%**	**100%**	**25%**	**100%**	**96%**

December 31, 2011

Counterparty (€ thousand)	Other financial assets	Trade receivables	Other current receivables	Non-current employee provisions	Non-current debt	Trade payables	Current debt	Other debt
Iveco S.p.A.	-	177	-	-	-	30	-	-
FPT Industrial S.p.A.	-	32	-	-	-	-	-	-
Fiat Industrial Finance S.p.A	-	2	-	-	-	-	1,719,542	-
Fiat Industrial Finance North America Inc.	-	58	-	-	-	-	-	-
CNH America LLC	-	-	-	-	-	64	-	-
CNH International S.A.	-	-	-	-	-	47	-	-
CNH Italia S.p.A.	-	-	-	-	-	21	-	-
Iveco Finanziaria S.p.A.	-	42	-	-	-	-	-	-
IRES tax consolidation	-	-	79,761	-	-	-	-	45,198
Financial guarantees	6,207	-	-	-	6,207	-	-	-
Total Group companies	**6,207**	**311**	**79,761**	**-**	**6,207**	**162**	**1,719,542**	**45,198**
Other related parties	-	9	47	978	-	850	-	3,603
Total Group companies and other related parties	**6,207**	**320**	**79,808**	**978**	**6,207**	**1,012**	**1,719,542**	**48,801**
Total	6,207	320	81,401	1,686	6,207	4,179	1,719,542	51,271
% total line item	**100%**	**100%**	**98%**	**58%**	**100%**	**24%**	**100%**	**95%**

Items arising from the domestic tax consolidation (see Notes 13 and 21) and the consolidated VAT settlement (see Note 21) are not broken down by counterparty, as they are not commercial transactions between Group companies but relate only to provisions of the Italian tax code governing the relationship between Group companies in Italy and the Italian tax authorities. Similarly, balances relating to financial guarantees (offsetting assets and liabilities) are not broken down by counterparty, as they only represent the present value of estimated fees to be earned in future years and are considered not material (see Notes 10 and 17).

The most significant transactions between Fiat Industrial S.p.A. and Group companies reported in the above tables are as follows:

- services provided by Fiat Industrial S.p.A. and its management personnel to Group companies (Iveco S.p.A., CNH Italia S.p.A., FPT Industrial S.p.A., CNH Global N.V. and other minor subsidiaries)
- provision of sureties and other guarantees (see Note 21) on bonds (Fiat Industrial Finance Europe S.A.), bank loans and credit facilities (Fiat Industrial Finance S.p.A., Fiat Industrial Finance Europe S.A., Fiat Industrial Finance North America Inc. and other minor subsidiaries) and to tax authorities for VAT credits held by Group companies
- management of current accounts, sourcing short-term financing and provision of other financial services (Fiat Industrial Finance S.p.A.)

During 2012, intercompany transactions also related to management of the portfolio of investments in subsidiaries, whose effects on the Company's earnings and financial position were as described above, in particular:

- collection of dividends from investees (see Note 1)
- capital contributions of €635 million to Fiat Netherlands Holding N.V. and €75 million to Iveco S.p.A. to strengthen the capital base of those investees (see Note 9)
- incorporation of F.I. Holding N.V. and FI CBM Holdings N.V.

Related-party transactions (as defined under IAS 24) not involving direct or indirect subsidiaries are reported above under "Other related parties" and essentially related to transactions with Fiat Group companies:

- consultancy and services related to administrative, tax and corporate activities and related IT systems (Fiat Services S.p.A. and Fiat I.T.E.M. S.p.A.), public relations services (Fiat Group Marketing & Corporate Communication S.p.A. and Fiat S.p.A.), personnel and other management services (Fiat Servizi per l'Industria S.c.p.A. and Fiat Services S.p.A.), security services (Orione S.c.p.A. and Sirio S.c.p.A.), vehicle leases (Leasys S.p.A.), maintenance services and services for office space (Fiat S.p.A. and Fiat Partecipazioni S.p.A.) and other services (SGS Italia S.p.A.)
- compensation due to the directors and statutory auditors of Fiat Industrial S.p.A.
- compensation due to executives of Fiat Industrial S.p.A. with strategic responsibilities

25. Net financial position

Pursuant to the Consob Communication of July 28, 2006 and in compliance with the CESR Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on February 10, 2005, the net financial position of Fiat Industrial S.p.A. at December 31, 2012 is as follows:

(€ thousand)	At December 31, 2012	At December 31, 2011	Change
Cash and cash equivalents	3	-	3
Current financial receivables:			
from Group companies	-	-	-
Non-current debt:			
payable to Group companies	(11,359)	(6,207)	(5,152)
Current debt:			
payable to Group companies	(2,534,901)	(1,719,542)	(815,359)
Net financial position	**(2,546,257)**	**(1,725,749)**	**(820,508)**
with Group companies	(2,546,260)	(1,725,749)	(820,511)
with third parties	3	-	3

26. Significant non-recurring transactions and unusual or abnormal transactions

During 2012, Fiat Industrial S.p.A. did not take part in any significant non-recurring transaction or unusual or abnormal transaction as defined in the Consob Communication of July 28, 2006.

27. Subsequent Events

On February 7, 2013, Fiat Industrial S.p.A. completed renewal of a 3-year €2 billion committed revolving credit facility with a group of 21 banks. The facility is available for general corporate purposes and working capital requirements. It replaces the 3-year €2 billion facility originally signed in December 2010.

List of equity investments with additional information required by Consob (Communication DEM/6064293 of July 28, 2006)

Subsidiaries

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat Industrial S.p.A	Number of shares	Book value (€)
Fiat Netherlands Holding N.V. - Amsterdam (The Netherlands)						
At 12.31.11	2,610,397,295	726,147,019	6,565,931,093	100.00	94,923,538	5,377,346,053
capital contribution						635,000,000
At 12.31.12	**2,610,397,295**	**890,958,402**	**7,716,065,322**	**100.00**	**94,923,538**	**6,012,346,053**
Iveco S.p.A. - Turin						
At 12.31.11	200,000,000	(47,821,734)	117,375,330	100.00	200,000,000	200,000,000
capital contribution						75,000,000
At 12.31.12	**200,000,000**	**(82,913,360)**	**109,461,970**	**100.00**	**200,000,000**	**275,000,000**
FPT Industrial S.p.A. - Turin						
At 12.31.11	100,000,000	3,018,590	84,850,541	100.00	100,000,000	100,000,000
At 12.31.12	**100,000,000**	**17,872,704**	**103,234,367**	**100.00**	**100,000,000**	**100,000,000**
Fiat Industrial Finance S.p.A. - Turin						
At 12.31.11	100,000,000	4,239,983	104,302,288	100.00	100,000,000	100,000,000
At 12.31.12	**100,000,000**	**20,357,366**	**124,659,654**	**100.00**	**100,000,000**	**100,000,000**
New Industrial Business 1 S.r.l. - Turin						
At 12.31.11	50,000	(580)	49,420	100.00	50,000	50,000
At 12.31.12	**50,000**	**(9,557)**	**39,863**	**100.00**	**50,000**	**50,000**
New Industrial Business 2 S.r.l. - Turin						
At 12.31.11	50,000	(580)	49,420	100.00	50,000	50,000
At 12.31.12	**50,000**	**(9,557)**	**39,863**	**100.00**	**50,000**	**50,000**
New Industrial Business 3 S.r.l. - Turin						
At 12.31.11	50,000	(580)	49,420	100.00	50,000	50,000
At 12.31.12	**50,000**	**(11,030)**	**38,390**	**100.00**	**50,000**	**50,000**
F.I. Holding N.V. - Amsterdam (The Netherlands)						
capital subscription						45,000
At 12.31.12	**45,000**	**(4,768)**	**40,232**	**100.00**	**4,500,000**	**45,000**
FI CBM Holdings N.V. - Amsterdam (The Netherlands)						
capital subscription						50,000
At 12.31.12	**50,000**	**(67)**	**49,933**	**100.00**	**5,000,000**	**50,000**
Total subsidiaries						**6,487,591,053**

(*) Figures taken from the separate financial statements of the subsidiaries

Other companies

Company and registered office	% owned by Fiat Industrial S.p.A.	Number of shares	Book value (€)
Fiat Revi S.c.p.A. - Turin			
At 12.31.11	16.00	48,000	104,120
At 12.31.12	**16.00**	**48,000**	**104,120**
Orione S.c.p.A. - Turin			
At 12.31.11	0.22	264	264
At 12.31.12	**0.22**	**264**	**264**
Sirio S.c.p.A. - Turin			
At 12.31.11	0.02	26	26
At 12.31.12	**0.02**	**26**	**26**
Total other companies			**104,410**

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne

CHAIRMAN

APPENDIX – INFORMATION REQUIRED UNDER ARTICLE 149-DUODECIES OF THE CONSOB ISSUER REGULATIONS

The following table, prepared in accordance with Article 149-*duodecies* of the Consob Issuer Regulations, reports fees charged for 2012 for audit and other services provided by the independent auditors. No services were provided by entities in their network.

(€ thousand)	Service Provider	2012 Fees
Audit	Reconta Ernst & Young S.p.A.	76
Attestation	Reconta Ernst & Young S.p.A. (1)	385
Total		461

(1) Supplementary audit procedures for PCAOB relating to review of the Form F-4 Registration Statement and consolidated financial statements of Fiat Industrial prepared in accordance with IFRS issued by IASB. Issue of a Letter of Comfort, on behalf of Fiat Industrial S.p.A. as guarantor, for Base Prospectus updating the GMTN Program. Review of system of internal control over financial reporting of Fiat Industrial S.p.A. and its subsidiaries

ATTESTATION OF THE STATUTORY FINANCIAL STATEMENTS UNDER ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned, Sergio Marchionne, in his capacity as Chairman of the Company and Pablo Di Si, as the executive officer responsible for the preparation of the Company's financial statements, pursuant to the provisions of Article 154-*bis* (3) and (4) of Legislative Decree 58 of 1998, hereby attest:
   - the adequacy with respect to the company structure
   - and the effective application

   of the administrative and accounting procedures applied in the preparation of the Company's statutory financial statements at December 31, 2012.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at December 31, 2012 was based on a process defined by Fiat Industrial in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.
3. The undersigned moreover attest that:

   3.1 the statutory financial statements at December 31, 2012:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated July 19, 2002;

   b) correspond to the amounts shown in the Company's accounts, books and records; and

   c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of December 31, 2012 and for the year then ended.

   3.2 the report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

February 21, 2013

/s/ Sergio Marchionne

Sergio Marchionne

CHAIRMAN

/s/ Pablo Di Si

Pablo Di Si

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

REPORTS OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of Fiat Industrial S.p.A.

1. We have audited the financial statements of Fiat Industrial S.p.A. as of and for the year ended December 31, 2012, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat Industrial S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated February 27, 2012.

3. In our opinion, the financial statements of Fiat Industrial S.p.A. at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Fiat Industrial S.p.A. for the year then ended.

4. The management of Fiat Industrial S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section "Corporate Governance" of Fiat Industrial S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the financial statements of Fiat Industrial S.p.A. as of December 31, 2012.

RECONTA ERNST & YOUNG S.P.A.

Turin, February 25, 2013

/s/ Felice Persico

Felice Persico
Partner

This report has been translated into the English language solely for the convenience of international readers.

INDEPENDENT AUDITOR'S REPORT ON THE STATUTORY FINANCIAL STATEMENTS PURSUANT TO ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of Fiat Industrial S.p.A.

1. We have audited the consolidated financial statements of Fiat Industrial S.p.A. and its subsidiaries, (the "Fiat Industrial Group") as of and for the year ended December 31, 2012, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat Industrial S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated February 27, 2012.

3. In our opinion, the consolidated financial statements of the Fiat Industrial Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Industrial Group for the year then ended.

4. The management of Fiat Industrial S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section "Corporate Governance" of Fiat Industrial S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Industrial Group as of December 31, 2012.

RECONTA ERNST & YOUNG S.P.A.

Turin, February 25, 2013

/s/ Felice Persico

Felice Persico
Partner

This report has been translated into the English language solely for the convenience of international readers.

REPORTS OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Shareholders,

On February 21, 2013, the Board of Directors approved the 2012 consolidated financial statements.

The consolidated financial statements – presented together with the report on operations, financial statements for the parent company, and notes to the financial statements – report profit for the year of €921 million, of which €810 million attributable to owners of the parent.

The directors have also provided information on changes in the scope of operations during the year.

The Chairman and the manager responsible for the Company's financial reporting have issued the attestation required under Article 154-*bis* (5) of Legislative Decree 58/1998.

In their report issued February 25, 2013, the independent auditors, RECONTA ERNST & YOUNG, stated the following:

> "(…) In our opinion, the consolidated financial statements of the Fiat Industrial Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Industrial Group for the year then ended. (…)
>
> In our opinion, the Report on Operations and the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Industrial Group as of December 31, 2012. (…)".

We are not aware of any other matters requiring our consideration.

Turin, February 25, 2013

THE STATUTORY AUDITORS

Paolo Piccatti	/s/ Paolo Piccatti
Valter Cantino	/s/ Valter Cantino
Lucio Pasquini	/s/ Lucio Pasquini

REPORT OF THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS AT THE GENERAL MEETING OF APRIL 8, 2013

Shareholders,

Following is a summary of the content and results of our activities during 2012 – the second year of operation during which, among other events, the Company's share structure was simplified and the terms of the integration with CNH GLOBAL N.V. were established. Among those activities, we confirm that we:

- attended meetings of the Board of Directors, during which we were given information on the Company's activities and transactions that enabled us to determine compliance with law, the By-laws and resolutions adopted by Shareholders, as well as the absence of any conflicts of interest;
- ascertained that the organizational structure and internal control system are adequate for the scale and nature of activities carried out;
- obtained information on the application of best management practice and found the financial reporting process to be adequate in providing a true and fair view of the Company's operations. Our examination included information obtained through meetings with the two former managers responsible for the Company's financial reporting and the current manager – appointed after due consultation with the Board of Statutory Auditors and who, together with the Chairman, issued the attestation required under Article 154-*bis* (5) of Legislative Decree 58/1998 – as well as the heads of certain central functions, the Compliance Officer and the Compliance Program Supervisory Body (single individual) pursuant to Legislative Decree 231/2001;
- found the internal control system to be effective and confirmed that our findings were consistent with the evaluations conducted by the Internal Control and Risk Committee, the Compliance Officer, Compliance Program Supervisory Body and the independent auditors. We also took into consideration results from the activities conducted by Internal Audit and, where applicable, any corrective actions recommended;
- monitored application of the CONSOB Regulation on related-party transactions and the resulting procedures (available on the Company's website www.fiatindustrial.com). In that regard, although it qualifies as a significant transaction, the directors noted that the integration with CNH GLOBAL N.V. is exempt from application of the provisions of the CONSOB Regulation or the procedures as it constitutes an intra-group transaction;
- met with the statutory auditors of several Italian subsidiaries, including CNH ITALIA, FIAT INDUSTRIAL FINANCE, FPT INDUSTRIAL, IRISBUS, IVECO and NEW HOLLAND KOBELCO CONSTRUCTION MACHINERY;
- reviewed application of the criteria used by the previous and current Boards of Directors in determining the independence of directors, as well as the self-evaluation process carried out by the Board concerning its composition and effective functioning, in consideration of the mix of professional skills and experience;

- undertook all evaluations necessary to verify the effective independence of each statutory auditor;
- met periodically with the independent auditors, RECONTA ERNST & YOUNG, to monitor complete and proper execution of the planned audit activities (also in fulfillment of Article 19 of Legislative Decree 39/2010) and to verify their independence (including through the confirmation received on February 20, 2013) – with regard to which we have no reservations – as well as to share information on our respective activities and findings.

In accordance with the requirements of the Consob Communication of April 6, 2001, we also report on the following activities.

Transactions having a significant impact on the financial statements

The directors reported on the principal transactions, which we found to be in compliance with the law and the By-laws.

They also provided a summary of the most significant related-party transactions, emphasizing that they formed part of the Company's normal operations and were concluded at standard terms for the relevant market in relation to the nature of goods or services involved.

Atypical or unusual transactions and adequacy of disclosures provided by the directors

The Board of Statutory Auditors is not aware of any transactions – with related parties, third parties or intragroup – that would qualify as atypical or unusual in relation to their content, nature, size or timing.

Emphasis paragraphs included in the report of the independent auditors

No emphasis paragraphs were contained in the audit report issued by RECONTA ERNST & YOUNG.

Complaints pursuant to Article 2408 of the Civil Code

At the Annual General Meeting and in correspondence dated April 12 and July 26, 2012, the shareholder Mr. BAVA made the following formal complaints under Article 2408 of the Civil Code: incompleteness and inaccuracy of the documentation provided to shareholders; improper conduct of the annual general meeting; illegality of the transaction to simplify share structure; failure to respond to questions submitted by the shareholder prior to the meeting; removal of the notice of solicitation of proxies from the corporate *website*.

Having examined each of these matters, the Statutory Auditors concluded that there has been no violation.

In fact, it is the opinion of the Statutory Auditors that: incorporating the content of the Compensation Report and reports required in accordance with CONSOB communication DEM/6064293 of 2006 by reference does not constitute incompleteness of information; the Chairman was consistent with the provisions of Article 2371 of the Civil Code and the Procedures for General Meetings in conducting the Annual General Meeting in a manner that was both reasonable and consistent with established practice for Fiat Industrial and other publicly listed companies; the proposal to simplify the Company's share structure was legitimate and made specific reference to the evaluations undertaken by the directors, the common representatives of the holders of preference and savings shares and the statutory auditors, including with the support of external consultants; on the basis of Articles 136 to 144 of *Legislative Decree 58/98*, Articles 135 to 139 of the *Issuer Regulations* and, to the extent applicable, Article 65 and following, the Company is under no obligation to maintain the notices of solicitation of proxy on the *corporate website* after a general meeting. No questions were received from the shareholder prior to the General Meeting, as the Company itself also confirms.

Matters for investigation

No matters for investigation were received, either directly or through the Company.

Activities of the independent auditors and related costs

Details of the activities requested of RECONTA ERNST & YOUNG and related fees are provided by directors as an appendix to the statutory financial statements and confirmed by the independent auditors in their letter dated February 20, 2013:

> "(...) 1) audit of separate and consolidated financial statements for the year ended December 31, 2012 and verification during the year of proper accounting procedures and accurate recording of transactions, for a fee of €61,000, and limited audit of Fiat Industrial Group's half-year condensed financial statements at June 30, 2012, for a fee of €15,000. Total fee of €76,000;
>
> 2) audit of Fiat Industrial Group's system of internal control over financial reporting (ICFR) for the year ended December 31, 2012, for a fee of €220,000;
>
> 3) issue of Letter of Comfort, on behalf of Fiat Industrial S.p.A. as guarantor, for the Base Prospectus updating the GMTN Program, for a fee of €50,000;
>
> 4) supplementary audit procedures for PCAOB relating to review of the Form F-4 Registration Statement and 2011 consolidated financial statements of Fiat Industrial, prepared in accordance with IFRS issued by IASB, for a fee of €350,000 (of which €115,000 was invoiced during 2012);
>
> 5) activities relating to the expert opinion on the share exchange ratio pursuant to Article 2501-*sexies* of the Civil Code following nomination, by the Court of Turin, of Reconta Ernst & Young S.p.A. as independent expert, pursuant to Article 2501-*sexies* of the Civil Code, for a fee of €1,150,000 (not yet invoiced at December 31, 2012) (…)".

Engagement of companies related to the independent auditors

In the same letter, the independent auditors also stated:

> "(…) We also confirm that no separate activity was performed and no fees were invoiced to Fiat Industrial S.p.A. by other companies in the Ernst & Young network. (…)"

Opinions issued by the Board of Statutory Auditors

We have expressed opinions in relation to compensation and additional fees for directors with specific responsibilities, the mandatory conversion of preference and savings shares and, on January 31, 2013, the adequacy of the professional profile of the manager responsible for financial reporting and, on February 21, the prospective mergers.

Frequency and number of meetings of the Boards of Directors and Statutory Auditors

The Board of Directors met ten times and the Board of Statutory Auditors met eleven times. The Internal Control and Risk Committee held five meetings – all of which we attended, in accordance with the requirements of Legislative Decree 39/2010 – the Nominating, Corporate Governance and Sustainability Committee held two meetings and the Compensation Committee (established on April 5, 2012) held one meeting.

Principles of proper management

We confirm that we found no transactions that were counter to the company purpose, constituted a conflict of interest or compromised the Company's financial solidity, or were otherwise manifestly imprudent or risky.

Organizational structure

We confirm that we consider the organizational structure to be adequate in relation to those matters falling within our remit.

Internal control system

We confirm the overall reliability of the internal control system, including on the basis of the activities conducted by other bodies, as described above.

Reliability of the administrative and accounting system

We reaffirm our assessment that the administrative and accounting system is capable of providing a true and fair view of the Company's operations.

Instructions issued to subsidiaries

The instructions referred to in Article 114 (2) of Legislative Decree 58/1998 have been correctly issued to the Company's subsidiaries.

Significant issues arising during meetings with the independent auditors

No significant issues arose in meetings with the independent auditors that required further examination.

Adherence to the Corporate Governance Code of Borsa Italiana

The directors provided a summary of the *principles* and *criteria* of the Corporate Governance Code, with which we are familiar, to which FIAT INDUSTRIAL adheres and whose concrete application is detailed in its Annual Report on *Corporate Governance*, also examined by RECONTA ERNST & YOUNG pursuant to Article 123-*bis* of Legislative Decree 58/1998.

Activities of the Compliance Program Supervisory Body

We monitored the activities of the Compliance Officer and the Compliance Program Supervisory Body, which considers that it has exercised proper oversight over the *compliance program*, based on the level of implementation of the rules and procedures established for prevention of significant offences.

Conclusions from our oversight activities

During our activities, we found no critical issues that require reporting.

Recommendations to shareholders

In our view, no recommendations or proposals are required.

We have also reviewed the structure and format of the financial statements for the year ended December 31, 2012 – which reported a profit of €128,609,403 – as well as the report on operations for the Group, and the notes to the financial statements.

RECONTA ERNST & YOUNG, the independent auditors, concluded in their opinion dated February 25, 2013:

> "(...) In our opinion, the financial statements of Fiat Industrial S.p.A. at December 31, 2012 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Fiat Industrial S.p.A. for the year then ended. (...)
>
> In our opinion, the Report on Operations and the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the financial statements of Fiat Industrial S.p.A. as of December 31, 2012."

On the basis of the conclusions of RECONTA ERNST & YOUNG concerning format and structure, it is our opinion that the financial statements and proposed allocation of profit for the year comply with the applicable restrictions and, therefore, may be approved.

In relation to the agenda for the Annual General Meeting, which this year includes – in addition to approval of the financial statements, allocation of profit and distribution of dividends – proposals relating to:

- compensation policy
- election of the board of statutory auditors and related compensation

we confirm that the reports prepared by the Board of Directors provide adequate and appropriate information and that the proposed resolutions comply with law.

Turin, February 25, 2013

THE STATUTORY AUDITORS

Paolo Piccatti	/s/ Paolo Piccatti
Valter Cantino	/s/ Valter Cantino
Lucio Pasquini	/s/ Lucio Pasquini

MOTIONS FOR AGM

MOTION FOR APPROVAL OF THE STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2012, ALLOCATION OF PROFIT AND DIVIDEND DISTRIBUTION

(ITEM 1.A ON THE AGENDA)

Shareholders,

We submit for your approval the Statutory Financial Statements at December 31, 2012, which report profit of €128,609,403 and a retained profit reserve of €730,913,008.

We propose a dividend of €0.225 per ordinary share, equivalent to a maximum total distribution of approximately €275.1 million, consisting of the remaining profit for 2012 of €122,178,933 – following allocation of €6,430,470 to the legal reserve – and a maximum of €152,899,065.45 from the retained profit reserve.

This proposal is in line with the policy adopted by the Board of Directors to distribute between 25% and 35% of Group consolidated profit.

The dividend will be payable on April 25, 2013 (ex-dividend date of April 22) on shares on record at April 24, 2013.

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

COMPENSATION POLICY PURSUANT TO ARTICLE 123-*TER* OF LEGISLATIVE DECREE 58/98

(ITEM 1.B ON THE AGENDA)

Shareholders,

Pursuant to Article 123-*ter* of Legislative Decree 58/98, you are hereby asked to give your non-binding vote on the compensation policy adopted by the Company for members of the Board of Directors and executives with strategic responsibilities, in addition to the procedures for adoption and implementation.

Following are the Definitions and Section I of the Compensation Report – prepared in accordance with Annex 3A, Forms 7-*bis* and 7-*ter*, of the CONSOB Regulation no. 11971 of May 14, 1999 – that was published in accordance with legal requirements and is available on the corporate website www.fiatindustrial.com.

"DEFINITIONS

Annual Total Direct Compensation	means the sum of: *(i)* the gross annual fixed component of the compensation, *(ii)* the annual variable component that is based on the achievement of given target objectives, and *(iii)* the annualized value of the medium-long term element of the variable component that is based on both the achievement of medium-long term target-based objectives and long term commitment to the Company, including the granting of shares occurred during the year upon the satisfaction of the vesting conditions of an equity incentive plan
Board of Directors	means the Board of Directors of the Company as of the date of this Compensation Report
Board of Statutory Auditors	means the Board of Statutory Auditors of the Company as of the date of this Compensation Report
Chairman	means the Chairman of the Company, namely Mr. Sergio Marchionne
Chief Human Resources Officer	means the Chief Human Resources Officer of the Group
Company	means Fiat Industrial S.p.A.
Compensation Committee	means *(i)* until April 5, 2012 the Nominating, Compensation and Sustainability Committee, and *(ii)* thereafter the Compensation Committee. As of the date of this Compensation Report, the Compensation Committee was composed by the following Non-Executive Directors, the majority of whom independent: John Elkann, Giovanni Perissinotto, and Jacqueline Tammenoms Bakker
Compensation Policy	means the compensation policy described in Section 1 of this Compensation Report
Compensation Report	means this compensation report prepared in accordance with article 123-*ter* of the Financial Act and Annex 3A, Form 7-*bis* and 7-*ter*, of the Issuers' Regulation

Corporate Governance Code	means the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana, to which the Company adheres
EU Recommendations	means the EU Recommendation 2004/913 and EU Recommendation 2009/385
Executive Directors	means the Directors vested by the Board of Directors with management duties and namely Mr. Sergio Marchionne
Executives with Strategic Responsibilities	means the Group Chief Operating Officer, the Chief Operating Officers of the various regions (EMEA, NAFTA, Latin America and APAC), the Chief Operating Officer of the Powertrain activities, and the Group Chief Financial Officer
Financial Act	means the Legislative Decree no. 58 of February 24, 1998
Group	means the Company together with its subsidiaries
Issuers' Regulation	means the CONSOB Regulation no. 11971 of May 14, 1999
LTI	means the Long Term Incentive Plan based on equity instruments approved by the Shareholders Meeting on April 5, 2012 and described in the Report to the Shareholders issued by the Company pursuant to Article 114-*bis* of the Financial Act
Performance and Leadership Bonus Plan	means the Group's annual short term incentive plan that is linked to both the achievement of key financial metrics of operating performance of the Group and individual performance and leadership contribution
Related Parties Regulation	means the CONSOB Regulation no. 17221 of March 10, 2010

SECTION I

Section 1 of this Compensation Report is aimed to outline and describe: *(i)* the policy of the Company with respect to the compensation of members of the Board of Directors, members of the Board of Statutory Auditors and Executives with Strategic Responsibilities that the Company intends to adopt and *(ii)* the procedures followed in relation to the adoption and implementation of said policy (the "**Compensation Policy**").

The Compensation Policy conforms to the recommendations of the Corporate Governance Code. In particular, the Compensation Policy incorporates the recommendations contained in Article 6 of the Corporate Governance Code relating to compensation for members of the Board of Directors and Executives with Strategic Responsibilities.

The Compensation Policy also fulfils the requirements of the Procedures for Transactions with Related Parties adopted by the Group on April 21, 2011.

In accordance with the Corporate Governance Code and article 123-*ter* of the Financial Act and EU Recommendations, this Compensation Policy, which illustrates the policies and practices followed by the Company, was prepared for and approved for the first time by the Board of Directors in February 2012 and then submitted to the shareholders' meeting. On February 21, 2013 the Board of Directors, with the concurring advice of the Compensation Committee, approved this Report, which will be submitted for approval to the shareholders' meeting called to resolve also on the 2012 financial statements.

A. Drafting, approval and implementation of the Compensation Policy

As indicated above, this Compensation Policy, to be submitted to the approval of the Shareholders' Meeting called to approve the 2012 financial statements, was adopted by the Board of Directors on February 21, 2013.

In the meeting held on February 20, 2013, the Compensation Committee was advised by the Chief Human Resources Officer that the Company in its dealings with the Executive Directors and the Executives with Strategic Responsibilities followed the Compensation Policy.

The corporate bodies and persons responsible for the correct implementation of the Compensation Policy are the Compensation Committee, that shall monitor the application of the Compensation Policy with regard to Executive Directors and Executives with Strategic Responsibilities, having being advised by the Chief Human Resources Officer. On a yearly basis the Chief Human Resources Officer reports to the Compensation Committee and advises such Committee on the implementation of the Compensation Policy in the previous financial year and the proposed changes for the upcoming financial year.

The table below summarizes the main roles and responsibilities for setting and governing compensation for participants covered under the Company's Compensation Policy:

Participants covered	Who proposes/ recommends	Who advises	Who approves	Shareholders' advisory voting rights ("Say on Pay")
Non-Executive Directors	Compensation Committee	Chief Human Resources Officer	Shareholders	Not applicable
Executive Directors	Compensation Committee	Chief Human Resources Officer	Directors, absent the Executive Directors and after consultation with the Board of Statutory Auditors	Yes
Executives with Strategic Responsibilities	Chairman and Chief Human Resources Officer	Compensation Committee Internal and external Executive Compensation experts	Chairman	Yes

B. Role of the Compensation Committee

B.1 Composition of the Compensation Committee

Since March 10, 2011, the basic rules governing the composition, duties, and functioning of the Committee are provided in the Charter of the Compensation Committee.

Pursuant to its Charter, the Compensation Committee is to be composed of three Non-Executive Directors, the majority of whom are independent. The members and the chairman of the Compensation Committee are appointed by the Board of Directors. The Compensation Committee may appoint a secretary to draw up the minutes of the meetings. The secretary may be not a member of the Compensation Committee.

The secretary of the Board of Directors and the Chief Human Resources Officer attend the Compensation Committee's meeting; the chairman may invite other individuals to attend the meetings whenever their presence may help the Compensation Committee to perform its functions. The Compensation Committee may rely on the support of external advisors at the Company's expense.

As of the date of this Compensation Policy, the members of the Compensation Committee are: John Elkann Giovanni Perissinotto (independent Director) and Jacqueline Tammenoms Bakker (independent Director) and, all Non-Executive Directors. All the members of the Compensation Committee have an adequate knowledge and experience in compensation and financial matters.

The Charter of the Compensation Committee is available on the Company's website: www.fiatindustrial.com.

B.2 Duties of the Compensation Committee

On the basis of this Charter, the Compensation Committee is entrusted with the following duties:

(a) making proposals and advise the Board of Directors in relation to corporate policies on compensation and monitoring the implementation of all decisions taken and all corporate policies and, specifically:

- (i) making proposals to the Board of Directors in relation to individual compensation plans for the Executive Directors and other Directors with specific responsibilities;
- (ii) examining proposals from the Chairman concerning performance evaluation criteria and general policies for fixed and variable compensation applicable at Group level, as well as incentive plans, including share-based plans;

(b) ensuring the alignment of the Chairman and the Executives with Strategic Responsibilities with the objective of creating value for the Company's shareholders over time.

Finally, the Compensation Committee is also responsible for assessing specific matters relating to executives' compensation when requested by the Board of Directors.

With the adoption of the Procedures for Transactions with Related Parties – pursuant to the Related Parties Regulation – the Compensation Committee was assigned, exclusively with regard to matters related to compensation, responsibility for transactions with related parties. Accordingly, the Compensation Committee is required to give an opinion on the substantial and procedural fairness of compensation-related transactions with related parties that are of particular significance, as defined in those procedures.

B.3 Activities carried out by the Compensation Committee in relation to the Compensation Policy

As anticipated under paragraph A above, the guidelines and principles of the Compensation Policy were prepared and approved for the first time by the Compensation Committee on February 22, 2012.

In the first months of 2012, the Committee met twice to perform the preliminary activities necessary to submit to the Board of Directors the proposal of an equity incentive plan (LTI).

During 2012, the Committee was advised by the Company's management on a benchmark analysis, carried out on a European basis and taking into particular consideration the forty most traded companies on the Milan Stock Exchange (which compose the so called FTSE-MIB Index), on the compensation of Non-Executive Directors. On the basis also of this benchmark analysis, and with the aim to align the compensation of Non-Executive Directors holding special offices on the average of the sample examined, the Committee presented to the Board of Directors the proposal, approved on August 1, 2012, to grant, pursuant to Article 2389 of the Italian Civil Code, a fixed compensation to the Directors who are also members of the Committees established by the Board (see also paragraph D.3).

In compliance with the Procedures for Transactions with Related Parties, the Committee held a session on January 30, 2013 to examine the proposal of variable compensation of the Chairman for 2012, confirming also the fixed remuneration as determined in 2011.

On February 20, 2013, the Compensation Committee reviewed and recommended for approval to the Board of Directors this Compensation Report.

C. Role of the independent expert (if any)

No independent expert was involved in the drafting of this Compensation Policy.

D. Objectives and principles of the Compensation Policy

D.1 Objectives

The objective of the Compensation Policy is to ensure that the Group is adequately competitive, in each of the business sectors and geographic areas in which it operates, to be able to attract, develop and retain highly qualified executives with strong leadership through periodically established targets that are based on objective as well as generally applicable criteria.

In addition, the Compensation Policy seeks to incentivize individuals in key positions toward the achievement of Company and Group performance targets, maintaining the interests of management continuously aligned to those of shareholders.

D.2 Principles

The principles and criteria applied in setting compensation for members of the Board of Directors and Executives with Strategic Responsibilities are intended to ensure the Group has the ability to attract, retain and motivate individuals who have the professional skills and experience to achieve the best results in their respective areas of responsibility and take account of the impact of their role on the achievement of the Group's financial and strategic objectives. With that intent, the Compensation Policy is defined to align the interests of the Company's management with those of the Company's shareholders through the creation of a strong link between rewards and Company and/or individual performance.

In general, the fixed compensation component adequately compensates individuals for services performed even if the variable components, where established, are not received as a result of the performance targets set by the Board of Directors not being met. This is considered fundamental in discouraging behaviour that is oriented exclusively to short-term results and inconsistent with the target level of risk established by the Group.

Executive Directors and Executives with Strategic Responsibilities may also be eligible to receive variable compensation, either immediate or deferred, subject to the achievement of pre-established economic and financial performance targets.

In particular, variable compensation that is paid immediately is intended to incentivize individuals toward the achievement of the targets established in the annual budget and to reward the level of achievement or over-achievement of those targets.

Where used (e.g., for CNH employees), deferred components of variable compensation, which are share-based, are designed to incentivize achievement of the targets referred to above, through an annual vesting mechanism, as well as enhancing medium to long-term retention and alignment with shareholder interests, objectives typical of such instruments.

D.3 Changes to the previous Compensation Policy

The Group was established on January 1, 2011 pursuant to a demerger from Fiat S.p.A. to Fiat Industrial S.p.A. The Compensation Policy followed in 2011 and 2012 was based on the practices then adopted by Fiat S.p.A.. The Compensation Policy set forth in this Report does not materially modify the practices applied in 2012, with the exception of the LTI Plan and the criteria for the determination of the fixed compensation of the Non-Executive Directors.

In particular:

- The LTI Plan was approved by the Shareholders Meeting on April 5, 2012.
- Since the Shareholders Meeting held on April 5, 2012, the fixed compensation of Non-Executive Directors not holding particular offices has been determined in euro 50,000 (whereas, before such Shareholders Meeting resolution, in addition to such fixed compensation Directors benefitted of a meeting fee for each Board or Committee session).

On August 1, 2012 the Board of Directors, pursuant to Article 2389 third paragraph of the Italian Civil Code, resolved to grant to the Non-Executive Directors who are also members of the Committees established by the Board the following annual fixed compensation:

- Chairman of the Internal Control and Risk Committee: euro 30,000
- Members of Internal and Risk Committee: euro 20,000
- Chairman of the other Committees: euro 20,000
- Members of the other Committees: euro 15,000.

With reference to the said resolution of the Board of Directors, the Compensation Committee conducted the preliminary advisory activities mentioned in the previous paragraph B.3.

E. Fixed and variable components of the compensation

E.1 Members of the Board of Directors

With reference to the policies relating to fixed and variable components of the compensation, the Company distinguishes between Executive and Non-Executive Directors.

With regard to Non-Executive Directors with no specific additional responsibilities (including independent directors), the compensation consists of a fixed fee set by shareholders. Non-Executive Directors holding particular offices receive also the additional compensation referred to in the previous paragraph D.3. In addition, Non-Executive Directors are also refunded of expenses incurred in for the exercise of their office.

In accordance with EU Recommendations and article 6 of the Corporate Governance Code, Non-Executive Directors are not eligible for any form of compensation tied to the achievement of financial targets or participation in any share-based compensation scheme of the Company.

Consistently with the common practice of the Italian market, the Non-Executive Directors are not granted with variable compensation.

With reference to Executive Directors (e.g. Directors, such as the Chairman, with executive powers), in addition to the compensation set by shareholders, they are granted with individual compensation plans. In particular, at the time of their appointment or thereafter, the Compensation Committee proposes to the Board of Directors the remuneration package for Executive Directors or for Directors holding special offices. On the basis of the above, the Board of Directors establishes – pursuant to article 2389, third paragraph, of the Italian Civil Code upon proposal of the Compensation Committee and after consultation with the Board of Statutory Auditors – fixed compensation for Executive Directors (e.g. Directors, such as the Chairman, with executive powers) and Directors holding special offices.

The remuneration package of Executive Directors consists, *inter alia*, of the following elements: *(i)* a gross annual fixed component; *(ii)* an annual variable cash component that is based on the achievement of pre-set business objectives; *(iii)* a medium-long term, equity component (the LTI).

With regard to allowances in the event of resignation, dismissal or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to paragraphs L and M below, respectively.

In addition, upon proposal of the Compensation Committee, the Board of Directors retain authority grant bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group. The Compensation Committee and the Board of Directors evaluate and approve in advance, respectively, any further remuneration elements awarded to Directors for any other special offices granted thereto within the Boards of Directors of the Company's subsidiaries.

Payment of the short-term portion of the Executive Directors' variable compensation is subject to the level of achievement of specific Group performance targets, concretely measurable and correlated to fulfilment of the targets provided for in the budget, established annually by the Board of Directors, on the basis of the proposal of the Compensation Committee. The variable component is subject to a maximum established with reference to gross annual fixed compensation. The Compensation Committee verifies – on a yearly basis – the Group's achievement of the performance objectives established for the previous year and makes its consequent recommendation to the Board of Directors. On such basis, the Board of Directors, after consultation with the Board of Statutory Auditors, resolves on the variable compensation of Executive Directors.

With regard to the weight of fixed and variable components of the compensation package, it should be noted that, on the basis of an international benchmarking, salary levels of Executive Directors with specific functions are set on the basis of the following indicative criteria:

(a) the fixed component generally represents no more than 25-35% of the targeted Annual Total Direct Compensation;

(b) the annual short-term variable compensation is determined as a percentage of the fixed component (inclusive of remuneration received for other offices in other Group companies) depending on the level of achievement or over achievement of pre-set targets and represents generally not less than 100% of the fixed component in the event of achievement of such targets. In any event, such annual variable compensation cannot be 2.5 times greater than the gross annual fixed component;

(c) the medium/long term, variable, target-based annualized component (the so-called LTI) generally represents at least 60% to 70% of the total variable component (targeted annual Performance bonus and annualized value of LTI awards) of the targeted Annual Total Direct Compensation. Special retention awards of equity may make the annualized component even greater.

The fixed compensation and the annual variable compensation of the Chairman may be divided among Company's subsidiaries where the Chairman is also assigned special functions.

For additional information of the LTI Plan approved in 2012, please refer to the Report on such LTI Plan available on the Company's website, www.fiatindustrial.com.

E.2 Members of Statutory Auditors

The remuneration (which consists only of a fixed fee) of the members of the Board of Statutory Auditors is determined upon their appointment by the Shareholders' Meeting. Each member of the Board of the Statutory Auditors will have the right to be refunded of the expenses incurred in for the exercise of their office. The Report of the Board of Directors on the appointment of Statutory Auditors is available on the Company's website, www.fiatindustrial.com.

E.3 Executives with Strategic Responsibilites

The same principles and criteria described above are applied to compensation for Executives with Strategic Responsibilities for the purpose of attracting, incentivizing and retaining highly-qualified personnel through compensation packages that are competitive with the market and recognize key attributes such as merit, demonstrated leadership and the impact of an individual's role on the achievement of Group financial targets.

The standard compensation structure for Executives with Strategic Responsibilities provides a fixed component as well as short and long-term variable components. As stated above, the fixed compensation component adequately compensates individuals for services performed even if the variable components are not received as a result of performance targets not being met.

The short-term variable component is subject to the achievement of financial targets established in the annual budget and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

As a general principle, the remuneration package of Executives with Strategic Responsibilities consists, *inter alia*, of the following elements: *(i)* a gross annual fixed component; *(ii)* an annual variable cash component that is based on the achievement of pre-set business objectives; *(iii)* a medium-long term, variable component (the LTI or other equity incentive schemes).

It should be noted that Executives with Strategic Responsibilities in CNH have half of the annual variable component paid in cash and half in the form of performance-based stock options. In 2013 the Group intends to implement a remuneration policy (with particular regard to the variable compensation) regarding the Group's management applicable throughout the entire Group as resulting by the consummation of the strategic combination between the Company and CNH.

With regard to allowances in the event of resignation, dismissal or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to paragraphs L and M below, respectively.

In addition, the Chairman may grant discretionary bonuses to these managers for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group.

When setting the compensation of Executives with Strategic Responsibilities, the Chairman, on the basis of international benchmarking, considers the following indicative criteria:

(a) the fixed component generally represents no more than 50% of the targeted Annual Total Direct Compensation;

(b) the annual targeted incentive for Executives with Strategic Responsibilities represents not less than 40% of their fixed gross annual salary;

(c) the medium-long term, variable, equity-based annualized component (the LTI) generally represents at least 50% of the total variable component of the target-based Annual Total Direct Compensation.

F. Non-monetary benefits

Executive Directors with specific functions may be granted health and welfare benefits, whilst Executives with Strategic Responsibilities may be assigned with health and welfare benefits, and one company car. For security reasons, Executive Directors have to travel with means of transport owned, leased or procured by the Group. For the same reasons, the Group may also bear part of the costs related to personnel dedicated to the personal security of the Chairman.

Other benefits may be granted in particular circumstances.

G. Targets for the assignment of variable compensation

The standard compensation structure for Executive Directors and Executives with Strategic Responsibilities provides a fixed component as well as short and, subject to the approval of the LTI Plan, long-term variable components.

The short-term variable component is subject to the achievement of financial targets established in the annual budget and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

With regard to the annual Performance and Leadership Bonus Plan, the relative metrics are set on the basis of annual budget. The short-term variable component of Executive Directors' compensation is determined on consolidated Group results, whereas, for Executives with Strategic Responsibilities, metrics are established on consolidated Group results and/or on each Executive's area of direct responsibility.

The Compensation Committee and Board of Directors will review any unusual items that occurred in the performance year to determine the appropriate overall measurement of achievement.

In any event the choice of metrics provides a natural balance in order to prevent short-term decisions not consistent with the level of risk deemed acceptable by the Group.

Subject to the approval of the LTI Plan, the long-term variable component consists of share-based incentive plan that links an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Please refer to paragraph E above and to the Report published pursuant Article 114-*bis* of the Financial Act.

H. Targets for the assignment of share-based incentive schemes

The LTI share-based Plan was envisaged for individuals at Group companies whose activities and leadership have a significant impact on the Group. This plan was proposed to incentivize individuals in key positions, including Executives with Strategic Responsibilities, toward the achievement of Company and Group performance targets through the alignment of long-term incentives to value creation for shareholders.

The part of the LTI Plan linked to the performance of the Group is directly linked with the achievement of pre-established financial performance objectives for the performance period starting on January 1, 2012 and ending on December 31, 2014. For further information please refer to the Report published pursuant Article 114-*bis* of the Financial Act.

The Report on the LTI Plan published pursuant Article 114-*bis* of the Financial Act is publicly available on the Company's website, www.fiatindustrial.com.

I. Consistency with the long-term interests of the Company and the risk management policy

The long-term interests of the Company and the risk management policy of the Group are integral part of the Group's System of Internal Control and Risk Management. The Compensation Policy has been prepared in full consistency with the System of Internal Control and Risk Management of the Group. Please also refer to paragraph D above.

J. Vesting periods and deferral payment systems (if any)

Please refer to paragraph H above.

K. Time restrictions

The LTI Plan does not provide for any lock-up mechanism after the shares are granted to the beneficiaries. Trading of such shares is subject to the applicable laws and regulations. The rights granted under the LTI Plan will be non-transferable (except, once vested, in the event of death of the beneficiary).

L. Cessation of office or termination of employment

The Board of Directors may also grant Executive Directors with specific functions with an allowance in the event of resignation, dismissal or termination. For the allowance granted in the previous years, please refer to Section II (v).

For Executives with Strategic Responsibilities post termination treatment consists in the relevant termination indemnity accruals set aside per collective bargaining agreements. Furthermore, in the case of dismissal under mutual agreement, the Group collective bargaining agreement in Italy provide pre-defined and nondiscretionary severance benefits for Executives covered by that agreement. Executives with Strategic Responsibilities, whose professional relation with the Group is not governed by such collective bargaining agreement, are covered by Group defined nondiscretionary severance programs.

Furthermore, the Company may enter into non-competition agreements with its members of the Board of Directors and Executives with Strategic Responsibilities and for specific and relevant professional roles of senior managers and executives, providing for payment of a fee in relation to the term and scope of the obligation resulting from the agreement itself. The obligation is referred to the industry in which the employer operates at the time of the agreement and to its geographical scope. The scope of the obligation varies according to the individual's role at the time of execution of the agreement.

M. Insurance, social security or pension coverage

The Board of Directors may also grant Executive Directors with specific functions with insurance policies covering accidental death, permanent disability and life insurance as well as with supplementary pension benefits.

N. Other information

Please refer to paragraph E.1 above.

O. Reference to the Compensation Policy adopted by other companies

The determination of compensation levels is based on continuous monitoring of levels for the market in general and for the sector, including benchmarking against groups of a comparable size, complexity and standing."

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

REPORT ON ELECTION OF BOARD OF STATUTORY AUDITORS

ELECTION OF REGULAR AUDITORS, ALTERNATE AUDITORS AND CHAIRMAN
(ITEM 2.A ON THE AGENDA)

Shareholders,

the mandate of the current Board of Statutory Auditors expires on the date of the General Meeting called for approval of the 2012 financial statements.

You are therefore being asked to elect a new Board of Statutory Auditors composed of three regular members and three alternate members. In accordance with law and the By-laws, the election will be based on a system of lists. For each list, the candidates must be presented in numerical order and the number of candidates may not exceed the total number of statutory auditors to be appointed. Each list should consist of two sections: one with candidates for regular auditor and the other with candidates for alternate auditor.

Minority shareholders have the right to elect one regular auditor, who will also serve as Chairman of the Board of Statutory Auditors, and one alternate member.

All statutory auditors must satisfy the legal requirements of integrity, professionalism and independence and comply with the legal limit for the number of concurrent offices held. Additionally, pursuant to the By-laws, they must be entered in the Register of Auditors and possess at least three years of experience as an auditor.

Procedures for election are established by law. Where necessary, they must also conform to the additional requirements of Article 17 of the By-laws, as amended by the Board of Directors on January 31, 2013, which conform to the legal requirements on gender diversity.

Lists of candidates must be submitted to the Company at its registered office, together with the additional documentation required, at least 25 days prior to the date of the General Meeting and may only be presented by shareholders who, individually or jointly with others, own at least 1% of ordinary shares. Certification of the percentage held must be communicated to the Company by an authorized intermediary at least 21 days prior to the date of the General Meeting. Detailed information on the above requirements as well as procedures for the presentation of lists, including electronically, are provided in the notice calling the meeting published on the corporate website.

No individual shareholder, or shareholders belonging to the same group or who are parties to a shareholder agreement relating to the Company's shares, may present or vote on more than one list, including through an intermediary or trustee. Any candidate present in more than one list will be considered ineligible.

In the event that 25 days prior to the meeting only one list has been presented, or that the only lists presented are from shareholders who, as defined by law, are related parties, the deadline for presentation of lists shall be extended by an additional 3 days and the percentage ownership required shall reduce from 1.0% to 0.5% of ordinary shares.

The lists, together with the accompanying required documentation, will be made publicly available at the Company's registered office and on the corporate website at least 21 days prior to the date of the General Meeting.

You are also reminded that for lists containing three or more candidates in total, the first two candidates for regular auditor must be of different genders to ensure that the composition of the Board of Statutory Auditors meets the legal requirements for gender diversity. Similarly, if the list contains two or more candidates for alternate auditor, the first two candidates appearing in the relevant section of the list must be of different genders.

In accordance with the provisions of Article 17 of the By-laws, statutory auditors will be elected as follows:

1. two regular auditors and two alternate auditors are elected from the list that has obtained the highest number of votes from Shareholders, on the basis of the numerical order under which they appear in each section of the list;
2. in compliance with the provisions of applicable law, the remaining regular auditor and the other alternate auditor are elected from the list obtaining the second highest number of votes, on the basis of the numerical order under which they appear in each section of the list. In the event of a tied vote for two or more lists, the candidates are elected from the list submitted by the shareholders having the greater equity interest or, subordinately, by the greatest number of shareholders.

The chairmanship of the Board of Statutory Auditors will go to the first candidate from the list obtaining the second highest number of votes as determined under point 2 above.

In the event that only one list is presented, the Chairman of the Board of Statutory Auditors will be appointed by Shareholders from among the regular auditors elected.

COMPENSATION FOR STATUTORY AUDITORS
(ITEM 2.B ON THE AGENDA)

Shareholders,

determination of annual compensation for the Chairman of the Board of Statutory Auditors and the regular auditors is subject your approval.

We propose that compensation be set at an annual amount of €85,000 for the Chairman and €55,000 for the other regular auditors.

February 21, 2013

On behalf of the Board of Directors

/s/ Sergio Marchionne

Sergio Marchionne
CHAIRMAN

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(Africa)

Wish me well on my journey!

I started on my way a long time ago.
I wanted to set course on my life.
With the feeling that it was neither a narrow passage nor a main road.
Yet conscious that there were indications, a direction.

My tracks became the route to follow.
My convictions my road map.

I was searching, knowing that my destination depended
on the road I chose.
At times, I thought I had taken the wrong road, but I
simply had not gone far enough.
Today I believe that, whatever the chosen path might be,
it will always lead to an inhabited place.
Inhabited with meaning, life, purpose, success.

"Every truth is a path traced through reality."
Henri Bergson

Roger Pfund

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